BRACKNELL CORPORATION

end to end >

ANNUAL REPORT 2000

Corporate Profile

Bracknell provides a full range of infrastructure services for networks, systems, production facilities and equipment of companies across North America. Our capabilities include the design and engineering, project management, installation, maintenance and service of increasingly complex and critical infrastructure. Critical infrastructure includes those systems whose incapacity or failure could have a devastating impact on a business. Bracknell provides its services on systems related to voice, data and video wireless and wireline communications, electrical power, lighting, automated controls, heating, ventilation, air conditioning, refrigeration, plumbing and process piping, and low voltage systems, such as fire alarms, security and surveillance. We help customers accelerate their time to market, reduce costs, realize efficiencies and increase focus on their core business with our end-to-end, life-cycle approach to supporting infrastructure needs.

CONTENTS

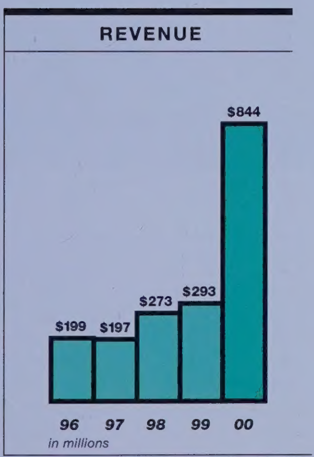
Achievements >

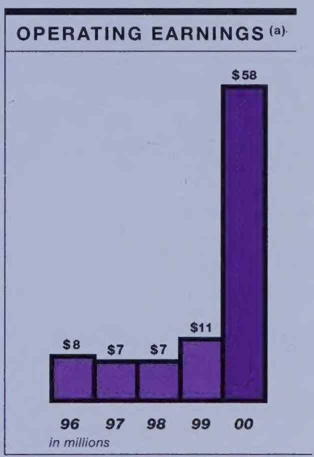
SIGNIFICANT TRANSFORMATION OF THE BUSINESS

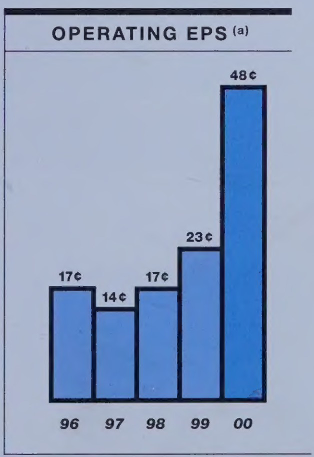
> Revenue nearly tripled.
> EBITDA grew nearly five-fold.
> Telecom/technology mix expanded to over 50% of revenues and negotiated arrangements improved to nearly 60%.
> Substantial increase in market capitalization.

STRONG OPERATING PERFORMANCE

> Successful integration of acquired businesses.
> Organic revenue growth of 17%.
> Organic EBITDA growth of 39%.
> EBITDA margins improved to 7.4% from 4.4%.
> Customer service awards.







(a) Excluding non-recurring and non-operating revenues and expenses and discontinued operations.

What we do > DESIGN INSTALLATION

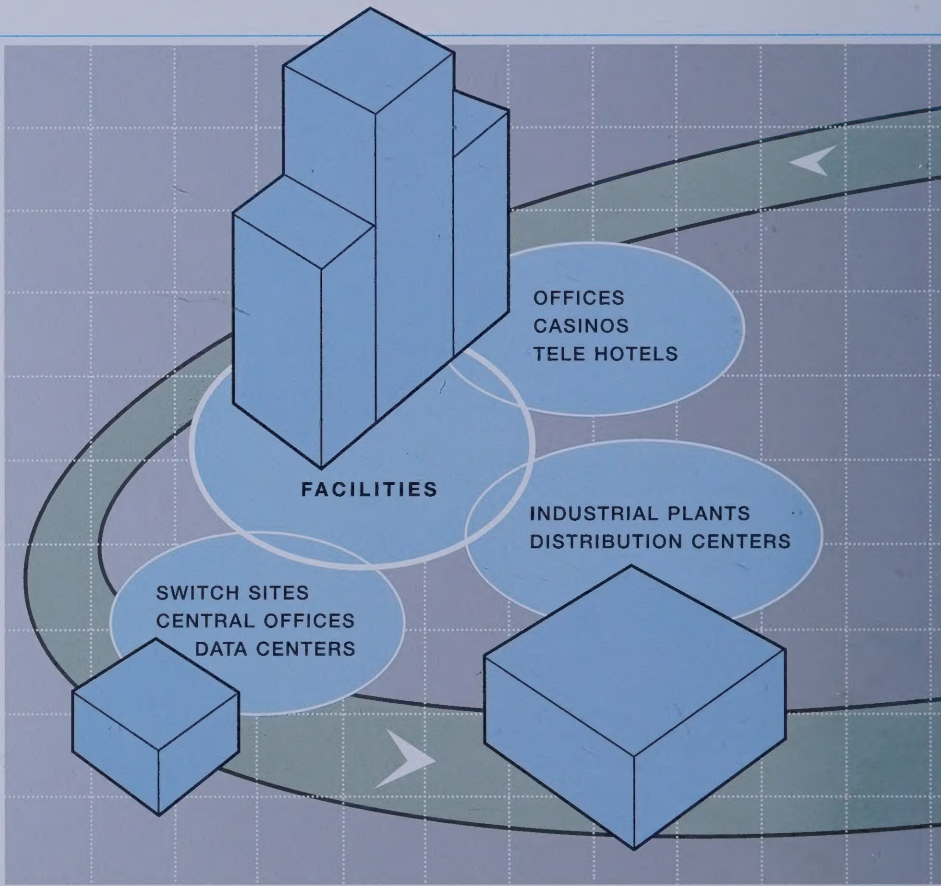
FACILITIES


Design

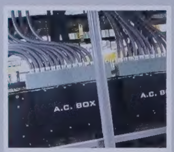

Installation


Maintenance


24/7 Service



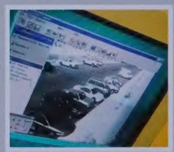
SERVICES


Electrical


Mechanical


Voice, Data and Video

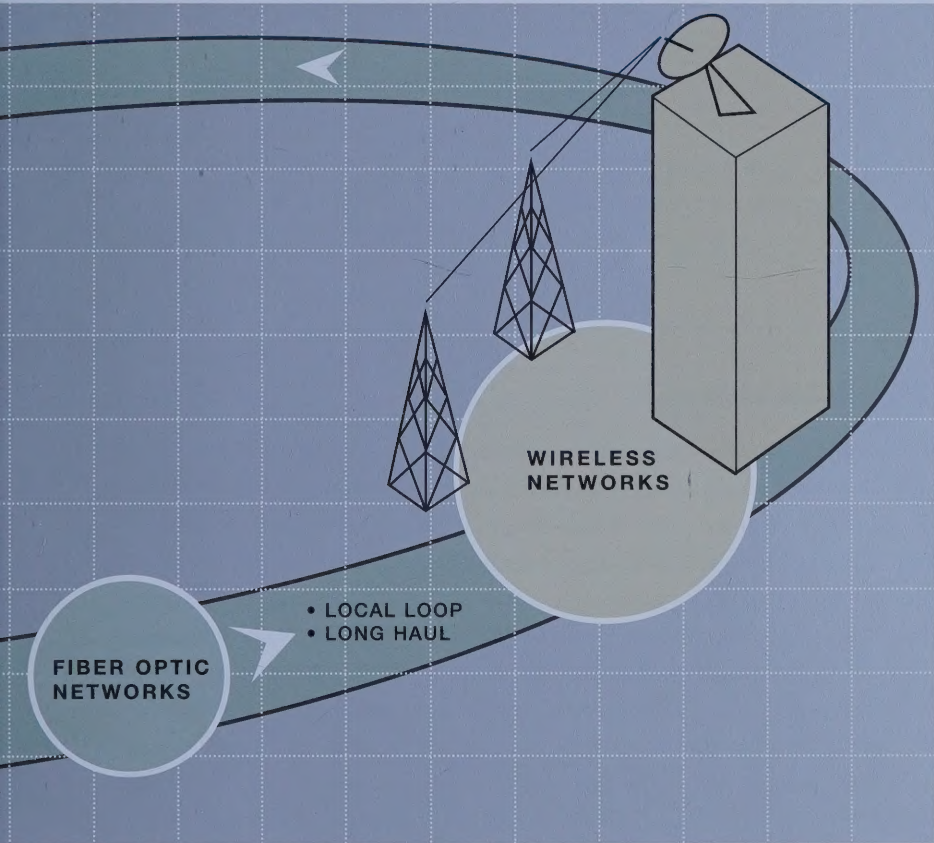

Automated Controls


Surveillance

CUSTOMERS & END USERS

ADC Telecommunications
Adelphia
Aerie Networks
Airgate Communications
Alcatel
Allegiance
AOL Time Warner
AT&T
Bank of America
Bell South
Broadwing
Cabela's
Cable & Wireless
Canadian Broadcasting Corporation
Celestica
Chicago Transit Authority
Clark Retail Enterprises
CO Dept. of Transportation
Colgate
Cousins Properties
Cox Enterprises
Crawford Communications
DaimlerChrysler
Dell
Dofasco
e^delta.com
E*Trade
Emory University
Enron
Exodus
Ford
Frontier
Gabriel Communications/ Trivergent
Gateway 2000
General Motors
Hewlett-Packard
IL State Toll Highway
Intel

end to end solutions



WIRELESS NETWORKS


Design

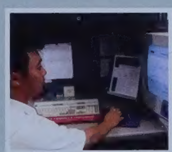

Real Estate Services


Installation


Maintenance & Service

FIBER OPTIC NETWORKS


Right of Way Development


Design


Project Management


Installation


Maintenance & Service

Longmont Power
McLeod USA
Merck
Mercy Hospitals
Metromedia Fiber Networks
MetroXmit
MGM Grand
Microcell Connexions
Motorola
Nestlé
Neurocrine
NY State Throughway
Nextel
Nokia
Norlight
Nortel
Novartis
Optiglobe
Park Place Entertainment
PF.Net
Piedmont Hospital
PSI Net
Qwest
Rogers AT&T
SaskTel
Shell Oil
Sierra Pacific
Sony
State Farm
Sun International
Target
Telus/Clearnet
360networks
Touch America
Toyota
TVA
United Parcel Service
Verizon
Voice Stream
Wells Fargo
Williams Communications
WorldCom
Xodiax LLP

PAUL D. MELNUK
President and Chief Executive Officer

Letter To Stockholders >

Two years ago we said, "Our challenge is to aggressively grow not just financial performance, but also deliver what is important to all of us as stockholders – a higher stock price. To achieve this goal, we will focus intensely on a few key strategies – our people, the productivity and value of our service offerings, our customers and aggressive growth."

Record financial and stock price performance in 2000 clearly demonstrates that our business plan and, more importantly, our execution are working. Strong internal growth, combined with accretive acquisitions, resulted in revenues that more than tripled compared to last year. Our passionate focus on productivity and performance improvements generated margins that were almost 170% of those for fiscal 1999. With the purchase of Able Telcom in December 2000, we expanded our presence in the high-growth, high-margin telecommunications business.

With each step, we are moving closer to achieving our vision of becoming the most recognized and most profitable facilities infrastructure services provider in North America. Despite the strong results to date, we are only beginning to capture the true potential and opportunity for our company. We have the plan, the resources, the operational capability and the people to deliver superior performance.

MANAGING GROWTH

With expected annualized revenues today of $1.4 billion, Bracknell has grown five-fold over the past two years. With each step we have strengthened our operational capabilities, management team and capacity to serve customers, adding to the opportunity to improve performance and create value for our stockholders.

We are not growing for growth's sake but rather to deliver value to our stockholders. To create this value we are focused on successfully integrating acquisitions and managing their performance to our expectations and beyond.

Because this ability to operate and integrate different operating entities is the most critical factor to our success, we have built a team with proven capabilities leading large businesses.

SETTING ACHIEVABLE TARGETS

We are very specific about our goals so that our performance can be evaluated. In fact, last year we set the following targets to achieve by the 2003 fiscal year:

- deliver a minimum annual 10% growth in net operating earnings, not including acquisitions, in both good and bad economic times;
- enhance the quality of those earnings by generating at least 75% of revenues from exclusive or negotiated arrangements;
- realize EBITDA margins of at least 10%; and
- maintain a prudent financial structure.

In 2000 we added a new goal – to achieve a maximum of 25 days of revenue invested in net operating working capital. In the past year we made significant progress toward achieving these goals and remain confident these will all be achieved by 2003.

Our performance must ultimately translate into improved returns for shareholders. As a result, we adopted two long-range goals that align management with those who have invested in us. We are committed to achieving stock price performance that ranks among the top in our peer group and within the top quartile of all North American public companies. We are confident that, over the longer term, the achievement of our goals will be reflected in the performance of our stock.

OUTLOOK

We have transformed Bracknell to focus on the higher-margin, higher-growth market segments and to differentiate ourselves with customers through service. Today our business remains strong as new technology is leading to sustained growth in demand for our quality, value-added services.

Companies recognize that to compete in today's global economy they must be the first to market, the most productive and the most innovative. As a result, businesses are deploying new technologies, and because these technologies are more complex, there is an increasing trend to outsource the design, installation, management and servicing of the electronic, communication, control and mechanical systems that operate networks, buildings, production facilities and equipment. Bracknell intends to capture an increasing share of this growing market.

Our performance over the past year is a testament to the capabilities, energy, determination and dedication that exists throughout the organization. We face an exciting future as we realize our vision to become North America's most recognized and profitable facilities infrastructure services company.

PAUL D. MELNUK
President and Chief Executive Officer

FREDERICK (RICK) C. GREEN
Executive Vice President and Chief Operating Officer

Operations Strategy >

We are proud of our progress over the past year implementing our business plan to target high-growth, high-margin opportunities built on four strategic pillars – customer service, productivity, our people and disciplined growth.

TARGETING HIGH-GROWTH, HIGH-MARGIN SEGMENTS

We organized Bracknell's operational and technical capabilities into four customer categories: Special Technologies, Telecommunications, Industrial and Commercial. We target segments growing in excess of 15% annually or where our specialized services will generate higher returns.

Our Special Technologies category assists customers with technology-intensive applications such as server farms, data centers, water and wastewater treatment plants, semiconductor manufacturing and security and surveillance systems. Our ability to deliver value-added design, fast track complex installation and 24 hours a day, seven days a week maintenance services is an important advantage in this market. This capability is also important in Telecommunications where we have full end-to-end turnkey wireline and wireless infrastructure services for PCS, cellular, and microwave networks, switch sites, co-location facilities and other telecom infrastructure. Today more than 50% of our revenues are derived from the Special Technologies and Telecommunications markets.

Our Industrial and Commercial customers operate capital and maintenance intensive facilities. Often they are looking to outsource increasingly complex infrastructure functions and to consolidate their supplier relationships. Industrial customers are principally in the automotive, steel, power, pharmaceutical and oil and gas businesses. The Commercial category services primarily office buildings, warehouses and distribution centers. Within these more established segments we are also experiencing strong demand for the design, installation and maintenance of enhanced technology and telecommunications capabilities.

Deregulation, new technology and growing demand for bandwidth are providing a strong market. The complexity, pace and critical nature of telecommunications, technology and other infrastructure investment cause companies to look to a few national, multi-skilled partners like Bracknell to design, manage, and execute installations and provide ongoing maintenance.

BUILDING LONG-TERM CUSTOMER RELATIONSHIPS

Profitability is enhanced through long-term relationships with our customers. We are moving away from competitive bids where price is the primary differentiator of value and focusing on enduring, negotiated and exclusive arrangements.

We also desire to be involved over the full life cycle of our customers' facilities. When we design or install complex new equipment and systems, we are best positioned to provide our customers with maintenance and additional renovation and upgrade work.

Customers value these relationships as they ensure consistent and high-quality service from a strong supplier familiar with their operations. These relationships also foster an environment focused on solutions to the customer's needs. Currently, 75% of our business is derived from repeat customers, and we are generating more revenues from recurring services like maintenance, upgrade and retrofit business, improving the quality of our revenues.

ENHANCING MARGINS THROUGH PRODUCTIVITY

We are passionately committed to performance improvement that has resulted in a more than doubling of operating margins over the past two years.

Application of established manufacturing procurement practices to our service operations and national purchasing contracts has resulted in a 100 basis point margin gain in those operations that implemented the program. Institutionalizing a world-class project management system and improved planning and training also enhance our performance for the customer and our profitability. We also initiated a corporate review for larger projects, helping direct the focus on higher-margin business. We are increasingly leveraging our suite of capabilities to meet the needs of our customers by cross selling among customer categories and delivering the expertise that exists across the organization.

INVESTING IN OUR PEOPLE

The success of any service business is a function of the environment that exists to attract, motivate and retain people. With changing demographics and a tight labor market, the ability to create this atmosphere is critical to meeting our goals. It is also a tangible way to differentiate ourselves in the market. We are developing incentive systems to reward individual and team contributions to results, provide training and development, and offer new opportunities for ambitious, results-oriented people.

We implemented stock purchase and stock option programs to help align employee interests with those of our stockholders. Moreover, the performance-based vesting feature of our option program ensures that only superior performance is rewarded. By fostering an owner mentality we will continue to improve our service to customers and returns to our stockholders.

Operations Strategy >

Our primarily unionized workforce is an important competitive advantage. Because we draw labor from local unions around the country, we are able to follow customers wherever they require, providing the consistent quality service necessary to build long-term relationships. The labor force is also scalable to business levels.

CAPITALIZING ON GROWTH OPPORTUNITIES

We have changed the size, nature and mix of our business through the acquisition of high quality, well-managed operations that provided either a platform for growth in new economy infrastructure sectors or offered specialized services for existing customers.

Our preference is for larger companies where we can retain and motivate key managers and employees to maintain established customer relationships. Most importantly, we assess the potential fit with Bracknell's performance improvement culture. Over the past two years we have demonstrated our ability to find, acquire and integrate operating businesses. We will continue to enhance strong internal growth with prudent acquisitions that add value.

BUILDING VALUE

By executing our comprehensive business plan, Bracknell expects to achieve its vision of becoming the most recognized and profitable facilities infrastructure services provider in North America. Our operational and financial performance this year has proven our strategies are working, and we are confident we will continue to enhance value for our stockholders in the quarters and years ahead.

Rick Green

FREDERICK (RICK) C. GREEN
Executive Vice President and Chief Operating Officer

1 2 3 4

How we get things done >

We have embraced a longer-term business plan to target high-growth, high-margin opportunities built on four strategic pillars that will deliver consistent and improving financial performance:

> **Building long-term customer relationships through service**

> **Enhancing productivity**

> **Investing in our people**

> **Capitalizing on growth opportunities**

Building Customer Relationships >

BRACKNELL IS BUILDING CUSTOMER RELATIONSHIPS WITH END-TO-END SOLUTIONS INCLUDING DESIGN, INSTALLATION, MAINTENANCE AND SERVICE.

"Real Estate developer Cousins Properties has turned to us for design, construction, maintenance and service at the Inforum, a 1,000,000 square foot teledata hotel in the heart of downtown Atlanta." David Cartwright, EVP of Bracknell's Allison-Smith Company (opposite page, left) and John Murphy, SVP, Cousins Properties, Office Division at a switch site in the Inforum.

Rick Gopelle, Manufacturing Engineer at Ford Motor Company's Essex Engine Plant (above left, second from left) heralds the efforts of Bracknell's State Industrial-Southwestern Ontario employees to "consistently develop innovative programs to positively impact the quality, productivity, reliability and maintainability of our product and process equipment." Bracknell maintains a permanent presence at 10 Ford facilities in North America where the Company provides on-going maintenance and service, key components of its end-to-end facility life-cycle-driven solution.

"Bracknell has become an internationally-recognized leader in designing and building large scale data centers. Our ability to establish a full-time, on-site technical presence, including 24/7 emergency response, has resulted in on-going relationships with clients such as E*Trade, e^delta.com, State Farm, Nextel, AT&T and Cox Enterprises." John Bush (above right, foreground), Project Manager at Bracknell's Inglett & Stubbs, and two on-site technicians in the generator room of a large Atlanta-based data center.


customer

Enhancing Productivity >

BRACKNELL'S FOCUS ON PRODUCTIVITY IMPROVEMENTS ENHANCES FINANCIAL PERFORMANCE AND DELIVERS TANGIBLE BENEFITS TO OUR CUSTOMERS.

"Bracknell seeks to partner with "win-win" oriented customers where we can leverage our pre-planning and value engineering expertise to lower costs and save money for our customers." Steve Jandro, Project Manager (opposite page, right) with Bracknell's Parsons, has been working with Bob Riesselman, Facilities Engineer at ADC Telecommunications, to develop innovative, money-saving solutions for more than 10 years.

"Investment in our e-platform provides better tools to help us leverage our growing purchasing power." Karen Moorse (above left), from Bracknell, working with information technology consultant Kedar Manerikar, are enhancing the electronic platform in part to consolidate continent-wide purchasing activities.

"Bracknell's early involvement in the design phase of the 2,916 room Paris Las Vegas casino saved Park Place Entertainment several million dollars in costs. A decade-long investment in technology, equipment and people make Quality Mechanical one of the world's most efficient design-build mechanical operations." Doug Lea, President of Bracknell's Quality Mechanical (above right), and Joe Kiernan of Park Place Entertainment outside the mega-resort, a fast-track project completed on time and under budget in eighteen months.


ADC
productivity

Investing in Our People >

BRACKNELL RECOGNIZES THE COMPANY MUST CONSISTENTLY INVEST IN ITS PEOPLE TO MEET ITS OBJECTIVES.

Bracknell's President's Awards were introduced in 2000 to recognize the considerable individual and team achievements and efforts of its dedicated employees. Pat Marrocco, SVP, Projects at State Industrial-Southwestern Ontario (opposite page, right), personifies the qualities of a President's award winner. Working with teammates such as Tracey Cowing, a Mechanical Estimator, the Southwestern Ontario operation has been a consistent leader in financial performance, customer satisfaction, employee morale and productivity.

General Foreman Joey Walker (above right, foreground), a seventeen-year veteran of Bracknell's Allison-Smith Company, has taken advantage of the Company's customized training programs designed to help 'raise the bar' in customer service. Walker, one of the important reasons why Bracknell's field personnel were rated "the best" by over 85% of its customers, recently wrapped up work on a satellite farm for Atlanta-based Crawford Communications along with Shannon Johnson, apprentice electrician.

Bracknell has expanded its compensation programs such as employee stock option and stock purchase programs to attract and retain people dedicated to serving the Company's customers. Andy Weeks, VP of Business Development for Bracknell's Henderson Electric (above left, left), joined Bracknell in 2000 to develop the communications infrastructure service offerings provided to both new and existing customers. Jeff Baumgardner, VP of Operations, Xodiax, LLP, a facilities-based internet services company, turned to Bracknell for electrical and technical services, including UPS, generator, power distribution, and fiber optic and structured cabling solutions for their Louisville, Kentucky data center.


people

Capitalizing on Growth >

ACCELERATING DEMAND FOR BROADBAND SERVICES CONTINUED TO DRIVE HIGH MARGIN GROWTH ACROSS ALL OF OUR CUSTOMER CATEGORIES IN 2000.

"Bracknell Telecom Services designed and built the wireless network for a complete city. Their single-source capability allowed Microcell to meet a very aggressive deployment schedule and launch a new market in record time." Peter Kobzar, Director, Network Access, Microcell Connexions (opposite page, left), at a Calgary cell site with Ian Stock, President of Bracknell's wireless telecom services.

"Since 1988, Bracknell's Adesta Communications has deployed more fiber miles than any other independent systems integrator in North America." Project Engineer Natalie Tedore and Quality Assurance/Quality Control Manager Gregg Quam (above left) discuss a 1,200-mile fiber optic network being developed in partnership with the Colorado Department of Transportation.

"Bracknell has been successful in leveraging its experience in critical use facilities and switch sites to capture a greater share of "time-to-market" driven communications customers." James Barger (above right) is a Project Manager for Bracknell's Allison-Smith Company. Barger has utilized his 15 years of telecommunications experience to help Bracknell penetrate the rapidly growing voice-data-video market.


growth

JOHN A. WITHAM
Executive Vice President and Chief Financial Officer

Review of Financial Goals >

This year Bracknell reported record revenues and earnings. During the year we also maintained a strong balance sheet and broadened our lending and shareholder bases. Bracknell also made progress in fiscal 2000 towards our longer-term goals that we expect to realize by fiscal 2003.

Our first objective is to achieve a minimum 10% annual growth in operating earnings, in good and bad times, excluding acquisitions. Last year our operating earnings grew organically by about one third, while acquired businesses contributed to our operating earnings more than quadrupling in total. Revenues more than tripled to $844 million, including organic growth of 17% for the year.

Our second three-year target is to enhance the quality of earnings by generating at least 75% of revenues from higher-margin, value-added exclusive or negotiated arrangements. In fiscal 2000 nearly 60% of revenues were derived from exclusive or negotiated contracts, a significant improvement from only 35% two years ago.

We are also seeking to realize operating margins (EBITDA) of at least 10% of revenues. We made progress throughout the fiscal year towards this goal with margins averaging 8.4% in the fourth quarter and 7.4% for the year, an increase of 68% over fiscal 1999.

We also want to maintain a financial structure that ensures the Company remains financially strong through all economic cycles. At the end of fiscal 2000, debt leverage was 59% and interest coverage was nearly 3 to 1. With completion of the Able transaction, debt leverage should be in the range of our targeted level of 50% with interest coverage above 3 to 1.

In our newest objective we are targeting a maximum of 25 days of revenue in net operating working capital by 2003 to enhance free cash flow and return on invested capital. In fiscal 2000 we improved to approximately 44 days at year end, down from a peak of 55 days at the end of April.

Of course, the ultimate measure of our success is the delivery of increased value for our shareholders, and on this measure our share price improved over 70% in fiscal 2000. We are confident that our value-enhancing strategies will lead to continued strong performance in the years ahead.

JOHN A. WITHAM
Executive Vice President and Chief Financial Officer

2000

FINANCIAL CONTENT

The following discussion and analysis represents Bracknell's consolidated financial condition and results of operations. You should read the following in conjunction with Bracknell's audited consolidated financial statements and the related notes.

OVERVIEW

Bracknell provides a full range of infrastructure services for networks, systems, production facilities and equipment of companies across North America. Capabilities include the design and engineering, project management, installation, maintenance and service of increasingly complex and critical infrastructure. Critical infrastructure includes those systems whose incapacity or failure could have a devastating impact on a business. Bracknell provides its services on systems related to voice, data and video wireless and wireline communications, electrical power, lighting, automated controls, heating, ventilation, air conditioning, refrigeration, plumbing and process piping, and low voltage systems, such as fire alarms, security and surveillance. We help customers accelerate their time to market, reduce costs, realize efficiencies and increase focus on their core business with an end-to-end, life-cycle approach to supporting infrastructure needs. Some of Bracknell's operating units have been competing in the facilities infrastructure services industry for as many as 80 years.

Bracknell's historical financial results include those companies acquired in 1999 and 2000 from the date those acquisitions were completed. Bracknell has significantly increased the scale and scope of its operations through the acquisition and integration of several companies. Accordingly, historical financial results are not indicative of Bracknell's financial position or results of operations in the future. The Company also disposed of certain operations that are disclosed as discontinued operations.

RESULTS OF OPERATIONS

Year Ended October 31, 2000 Compared with 1999 and 1998

The following table sets forth certain historical financial data for the periods indicated (U.S. dollars in millions, except per share amounts):

REVENUES

Revenues increased to $843.7 million for the year ended October 31, 2000 from $293.1 million for fiscal 1999 and $273.4 million in fiscal 1998. The increase in revenues was primarily due to the acquisitions completed in late 1999 and 2000. These acquisitions increased revenues by $27.4 million in fiscal 1999 and $533.2 million in fiscal 2000. Excluding the impact of these acquisitions, organic revenue growth was 17% in 2000 with a decline of 3% in 1999 versus the prior years. Organic growth includes improvement in existing operations and those acquired as compared to the prior period. The decline in 1999 resulted from non-recurring projects performed in 1998. These acquisitions were principally in the United States and as a result, almost 75% of revenues in fiscal 2000 were from customers in the U.S., an increase from almost 30% in fiscal 1999 and approximately 15% in fiscal 1998.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

Selling, general and administrative expenses were $74.7 million in fiscal 2000 as compared to $24.9 million for fiscal 1999 and $21.9 million in fiscal 1998. The increase in selling, general and administrative expenses over the three years was also primarily due to the acquisitions in 1999 and 2000. As a percentage of revenues, selling, general and administrative expenses increased modestly in fiscal 2000 principally due to filling vacant corporate office positions that existed in 1999 with the percentage increase in 1999 due to acquisitions.

EBITDA

Earnings before interest, taxes, depreciation and amortization, and restructuring and other charges improved to $62.1 million in fiscal 2000 from $12.9 million in fiscal 1999 and $7.9 million in 1998. Acquisitions contributed to the significant year over year growth in fiscal 2000 and 1999. However, organic growth in EBITDA was 39% in 2000 (1999 – nil) as a result of strong market conditions and the impact of performance improvement initiatives. Margins improved over the three years as Bracknell focused on improving the performance of its operations through better job selection to increase its mix of higher-margin, specialized, value-added services, better purchasing and procurement practices, implementation of planning and control processes and the completion in fiscal 1998 of several non-recurring projects.

	Fiscal Year Ended October 31					
	2000		1999		1998	
Revenues	$ 843.7	100.0%	$ 293.1	100.0%	$ 273.4	100.0%
Cost of services	706.9	83.8	255.3	87.1	243.6	89.1
Selling, general and administrative	74.7	8.8	24.9	8.5	21.9	8.0
Earnings before interest, taxes, depreciation and amortization	62.1	7.4	12.9	4.4	7.9	2.9
Restructuring and other charges	–	–	7.6	2.6	–	–
Depreciation and amortization	4.5	0.5	1.6	0.5	1.1	0.4
Operating earnings	$ 57.6	6.8%	$ 3.7	1.3%	$ 6.8	2.5%
Operating earnings per share (a)	48¢		23¢		17¢	

(a) Excluding non-recurring and non-operating revenues and expenses and discontinued operations.

OPERATING EARNINGS

Operating earnings increased to $57.6 million in fiscal 2000 from $3.7 million for the fiscal year ended October 31, 1999 and $6.8 million for the same period of 1998. Excluding a one-time charge for restructuring and other charges of $7.6 million, operating earnings were $11.3 million in fiscal 1999, an increase of 66% compared to the prior fiscal year. The increase in operating earnings in fiscal 1999 and 2000, excluding the restructuring and other charges, was primarily due to the acquisitions completed in fiscal 2000 and late in fiscal 1999 that contributed an additional $46.4 million and $1.5 million to operating earnings, respectively. The balance of the gain was a result of Bracknell's increased focus on performance improvement initiatives.

Similarly, net earnings per share, excluding the after-tax effect of non-recurring and non-operating revenues and expenses such as the gains and losses on asset sales and the write-off of financing fees, and discontinued operations, or operating earnings per share, more than doubled to 48¢ in fiscal 2000 from 23¢ in fiscal 1999 and 17¢ in fiscal 1998.

RESTRUCTURING AND OTHER CHARGES

The restructuring and other charges of $7.6 million for the year ended October 31,1999 (2000 – nil; 1998 – nil) related to the retirement of former executives at Bracknell, management changes at a subsidiary and the settlement of an outstanding claim.

INTEREST EXPENSE

Interest expense in fiscal 2000 increased as compared to 1999 and 1998, principally due to increased interest expense on higher levels of debt in late 1999 and 2000 incurred to finance acquisitions.

PROVISION FOR INCOME TAXES

The effective income tax rate excluding the effects of non-deductible goodwill was 33.9% for the fiscal year ended October 31, 2000 versus 33.2% in fiscal 1999 and 41.0% for fiscal 1998. The decrease in effective income tax rate in fiscal 1999 was principally due to the recognition of previously unrecognizable loss carryforwards of $2.6 million. In fiscal 2000 the effective tax rate was below the statutory rate due to an increased amount of business taking place in lower rate jurisdictions in the U.S.

EARNINGS FROM DISCONTINUED OPERATIONS

On May 26, 2000, the Company sold its 50% equity interest in PROFAC Facilities Management Services. Bracknell recognized a $2.9 million after-tax gain on the sale and may record a further after-tax gain of up to approximately $2 million based on PROFAC meeting certain performance targets. PROFAC's operating results for all years were presented as discontinued operations.

OUTLOOK

With the completion of the Able Telcom transaction on December 22, 2000, (see below) Bracknell expects more than 80% of its 2001 revenues will be generated in the U.S. while more than 50% of its revenues of $1.4 billion will be derived from customers in telecommunications, technology and other new economy businesses.

Bracknell's estimated project backlog as of October 31, 2000 was approximately $478 million, excluding certain maintenance and service contracts and the backlog acquired from Able in December 2000. The Company expects to complete in excess of 90% of the backlog in the next twelve months. In addition, Bracknell has certain maintenance and service contracts that are expected to average $140 million in revenues over the next year. Many of these service contracts do not specify the volume of services to be committed but instead commit the customer to obtain these services from Bracknell. As such these estimates are based on historical relationships with customers and experience with similar contracts.

LIQUIDITY AND CAPITAL RESOURCES

Bracknell operates a primarily service-based business, therefore its capital expenditure requirements are relatively low. The primary capital requirements are for operating working capital and acquisitions that are generally met through borrowings under a working capital facility, term facility and cash flow from operations. Bracknell currently has in place $370 million in credit facilities from a syndicate of banks. The operating facilities are 364-day renewable facilities and the term facilities mature on October 31, 2004. The credit facilities were increased in December 2000 to the current amount from $212.5 million to provide for the acquisition of Able Telcom. See Note 3 "Business Acquisitions and Divestitures" to the Consolidated Financial Statements. The facility was originally put in place in November 1999, and amended and restated in February 2000 and July 2000 to similarly provide for acquisitions. As of October 31, 2000, approximately $190.7 million of the $212.5 million facility was utilized for borrowings, including $144.6 million under U.S. and Canadian term facilities. The term facilities require repayments of 5% per quarter for the 11 quarters beginning April 30, 2001, increasing to 10% for the next three quarters, and 15% for the final quarter.

Borrowings under these facilities are in the form of advances, accommodations, bankers acceptances, or letters of credit and as of October 31, 2000 bore interest at the London Inter Bank Offered Rate ("LIBOR") plus 2.75%, or the prime interest rate in effect for commercial loans in Canada or the United States, as applicable, plus 1.75%. Interest can vary between 1.75% to 4.25% over LIBOR or 0.75% to 3.25% over the prime rate based on Bracknell's ratio of total net debt to consolidated earnings before interest, taxes, depreciation and amortization. Changes in LIBOR and the prime rate, which are affected by changes in interest rates in general, will affect the interest rate applicable on the Company's senior credit facilities.

The senior credit facility has general and financial covenants that place certain restrictions on Bracknell, including the making of dividends and distributions, incurrence of

certain liens, the sale of assets under certain circumstances, certain transactions with affiliates, certain consolidations, mergers and transfers and the use of loan proceeds. In addition, the senior credit facility limits the aggregate amount of additional debt that can be incurred by Bracknell. As a matter of policy and under the terms of the credit agreement, Bracknell is required to provide the lenders with periodic budgets, financial statements and public reports and filings, and Bracknell must meet specified thresholds with respect to profitability and debt to net worth ratios.

In connection with the acquisitions of Sylvan, Highlight, and Sunbelt in 2000, Bracknell amended and restated its senior credit facility in February 2000 to provide it with \$67.5 million in operating facilities, \$40 million in term facilities and \$105 million in acquisition facilities. Prior to these acquisitions, Bracknell had approximately \$72 million outstanding under the senior credit facility, which consisted of \$32 million drawn to finance working capital requirements and \$40 million to refinance borrowings under a previous senior credit facility related to the Nationwide acquisition. Bracknell invested \$143.9 million to acquire Sylvan, Highlight, and Sunbelt, paying \$95.8 million in cash and issuing the Sunbelt Notes to certain Sunbelt shareholders. The cash portion was financed by drawing on the senior credit facility. Subsequent to these acquisitions, the acquisition and term facilities of the senior credit facility were fully drawn.

Cash flows provided by operating activities before working capital changes were \$32.4 million for the year ended October 31, 2000, as compared to cash uses of \$2.3 million in the same period of 1999 and cash flows of \$9.9 million that were generated for fiscal 1998. The improvement in fiscal 2000, as compared to the prior two years, was principally due to improved earnings from operations. Cash flow invested in working capital was \$56.8 million in fiscal 2000 versus \$6.9 million generated in fiscal 1999 and \$0.3 million invested in the same period of 1998. The increase in cash used in 2000 was primarily due to increased working capital requirements related to acquisitions. Operating working capital in days of revenue improved throughout fiscal 2000 from a high of 55 days at the end of the second quarter, ending at 44 days (1999 – 38; 1998 – 33). Operating working capital increased over the period primarily due to net receivables that were not collected in 2000 due to litigation, and due to the nature of the acquisitions completed over the three years. See Note 16 "Commitments and Contingencies" to the Consolidated Financial Statements.

Cash flows used in investing activities increased to \$96.0 million in fiscal 2000 from \$54.9 million for the year ended October 31, 1999, and \$6.4 million for the same period in 1998. The increase in investing activities was primarily due to the acquisitions of Sylvan, Highlight, and Sunbelt in fiscal 2000, and Nationwide and Preferred Electric in fiscal 1999. See Note 3 "Business Acquisitions and Divestitures" to the Consolidated Financial Statements.

The Company's agreements related to recent acquisitions include contingent earn-out provisions that may be triggered based on these acquisitions achieving certain financial targets. As of October 31, 2000, the maximum potential payment under these agreements was approximately \$82 million.

On December 22, 2000, Bracknell completed the acquisition of Able Telcom, a telecom network services company. Bracknell believes Able is an excellent strategic fit for Bracknell and increases its access to the expanding network services and development sector. The acquisition is expected to increase annual revenues by nearly \$400 million with low double-digit margins and be modestly accretive to earnings per share in the first year. In addition, these operations are projected to generate much stronger cash flows than reported earnings through existing network development contracts and a pipeline of new opportunities. The acquisition will be accounted for under the purchase method. The equity purchase and working capital requirements were financed with the issuance of approximately 24 million common shares (\$125 million), an estimated \$85 million from the Company's newly-expanded credit facility and the issuance of \$40 million in convertible preferred stock. In addition, the Company has issued 2.1 million options to purchase shares at prices ranging from \$5.62 to \$9.45 per share and 2.4 million warrants at prices ranging from \$11.66 to \$20.29 per share.

Bracknell's cash flows from financing activities increased to \$124.2 million for fiscal 2000 from \$27.8 million in fiscal 1999 and cash used in financing activities of \$1.5 million for the year ended October 31, 1998. The net increase in cash flows from financing activities in 2000 and 1999 was primarily due to increased borrowings from the senior credit facility to finance acquisitions. In March and April 2000, Bracknell completed an offering of 6.6 million of Bracknell common shares at Cdn \$7.00 per common share with net proceeds of Cdn \$42.7 million. Bracknell used the proceeds of this equity offering to repay a portion of the obligations under the Sunbelt Notes.

Bracknell believes that its anticipated cash flows from operating activities, together with availability under its credit facilities, will be sufficient to finance working capital requirements and anticipated capital spending requirements for the next year. Bracknell plans to finance its future growth, including potential acquisitions, through borrowings under new term facilities and by accessing the public and private debt and equity capital markets.

MARKET RISK SENSITIVE INSTRUMENTS AND POSITIONS

Bracknell is exposed to market risks from changes in interest and foreign exchange rates that may impact its financial position. The senior credit facility makes interest rate and foreign exchange rate hedging activities available to Bracknell. Historically, and as of October 31, 2000, Bracknell has not used derivative instruments or engaged in hedging activities.

INTEREST RATES

As of October 31, 2000 and 1999, the fair value of Bracknell's total debt outstanding was estimated to be $209.6 million and $60.5 million, respectively, which approximated carrying value due to the Company's market-based interest rates. Market risk is estimated as the potential change in fair value resulting from a 10% adverse change in interest rates and amounted to $1.7 million and $0.5 million at October 31, 2000 and 1999, respectively.

The Company had $190.9 million and $60.5 million of variable rate debt outstanding at October 31, 2000 and 1999, respectively. Interest rates on the Company's variable rate debt are subject to fluctuations based on changes in the LIBOR and prime lending rates. Based on these year-end debt levels, a hypothetical 10% adverse change in interest rates would have reduced net earnings and cash flows by an estimated $1.1 million and $0.3 million, respectively.

FOREIGN CURRENCY RISKS

On November 1, 1999, Bracknell adopted the practice of reporting in United States dollars to reflect that a greater portion of its business operations will be conducted in the U.S. Bracknell's foreign currency exposures give rise to market risk associated with exchange rate movements against the Canadian dollar, the functional currency for its operations in Canada. As a result, fluctuations in foreign currencies may have an impact on Bracknell's reported business and financial results and the value of its foreign assets, which in turn may adversely affect reported earnings and the comparability of period-to-period results of operations. Changes in currency exchange rates may affect the relative prices at which Bracknell and foreign competitors sell products in the same market. In addition, changes in the value of relevant currencies may affect the cost of items required in Bracknell's operations. For the fiscal years ended October 31, 2000, 1999 and 1998, 25%, 69% and 76% of respective revenues were invoiced in Canadian dollars. Due to recent acquisitions the Company expects less than 20% of fiscal 2001 revenues to be invoiced in Canadian dollars.

Bracknell endeavors to minimize the impact of such currency fluctuations through its ongoing commercial practices. In attempting to manage this foreign exchange risk, Bracknell generally sources materials and labor of a particular contract in the same currency as it receives the revenues for that contract.

RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 18 "Reconciliation of Canadian GAAP to U.S. GAAP" to the Consolidated Financial Statements.

FORWARD-LOOKING INFORMATION

In various places in Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this document, Bracknell's expectations regarding future performance of the Company were discussed. These "forward-looking" statements are based on currently available competitive, financial and economic data, and operating plans but are subject to risks and uncertainties. Forward-looking statements include the information concerning possible or assumed future results of operations of Bracknell, as well as statements preceded by, followed by, or that include the words "believes," "expects," "anticipates," "estimates," "projects," "intends" or similar expressions. You should understand that important factors, in addition to those discussed in this document, could affect the future results of Bracknell and could cause those results to differ materially from those expressed in any forward-looking statements. These factors include, among others:

- Unanticipated trends and conditions in the industry, including future consolidation;
- Risks associated with the ability to compete in local markets;
- Risks associated with the ability to integrate acquired businesses;
- The importance of acquisitions for growth; and
- Risks associated with the ability to implement cost savings and operational strategy.

There can be no assurances that any anticipated future results will be achieved. As a result of the factors identified above and other factors, Bracknell's actual results or financial or other condition could vary significantly from the performance or financial or other condition set forth in any forward-looking statements.

AUDITORS' REPORT

To the Shareholders of Bracknell Corporation:

We have audited the consolidated balance sheets of BRACKNELL CORPORATION (the "Company") as at October 31, 2000 and 1999 and the consolidated statements of earnings, retained earnings and cash flows for the years ended October 31, 2000, 1999 and 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian and United States generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2000 and 1999 and the results of its operations and its cash flows for the years ended October 31, 2000, 1999 and 1998 in accordance with Canadian generally accepted accounting principles.

Arthur Andersen LLP

December 22, 2000
Toronto, Canada

COMMENTS BY INDEPENDENT CHARTERED ACCOUNTANTS FOR U.S. READERS ON CANADA-U.S. REPORTING DIFFERENCE

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when there is a change in accounting principles that has a material effect on the comparability of the company's financial statements, such as the changes described in Note 2 to the consolidated financial statements. Our report dated December 22, 2000 is expressed in accordance with Canadian reporting standards which do not require a reference to such changes in accounting principles in the report of independent chartered accountants when the changes are properly accounted for and adequately disclosed in the financial statements.

Arthur Andersen LLP

December 22, 2000
Toronto, Canada

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Bracknell Corporation and all the information in this Annual Report are the responsibility of Management. The financial statements have been prepared by Management in accordance with generally accepted accounting principles. The financial statements include some amounts that are based on best estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects. Management has prepared the financial information used elsewhere in the Annual Report and has ensured that it is consistent with that in the consolidated financial statements.

Management maintains systems of internal accounting and administrative controls designed to provide reasonable assurance that the financial information is reliable and accurate, and that the Corporation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board and is comprised of independent Directors. The Audit Committee meets periodically with management, as well as the external auditors, to review Bracknell's reported financial performance and to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy itself that each party is properly discharging its responsibilities. The consolidated financial statements were reviewed by the Audit Committee and approved by the Board of Directors.

The consolidated financial statements have been audited by Arthur Andersen LLP, the external auditors, in accordance with generally accepted auditing standards on behalf of the shareholders. The external auditors have full and free access to the Audit Committee.

PAUL D. MELNUK
President and Chief Executive Officer

JOHN A. WITHAM
Executive Vice President and Chief Financial Officer

Consolidated Balance Sheets

October 31, 2000 and 1999

($U.S. in thousands)	2000	1999
CURRENT ASSETS		
Cash and cash equivalents	$ 4,455	$ 651
Contract receivables, less allowance for doubtful accounts of $1,485 in 2000 and $813 in 1999 (Note 4)	210,016	124,427
Costs and estimated earnings in excess of billings on uncompleted contracts (Note 5)	81,993	25,902
Inventory	1,901	655
Prepaid expenses and other assets	6,402	5,016
Future income tax assets (Note 12)	7,493	779
Income taxes receivable	2,674	–
Current assets of discontinued operations (Note 3)	–	9,001
TOTAL CURRENT ASSETS	314,934	166,431
PROPERTY AND EQUIPMENT (Note 6)	18,044	9,239
FUTURE INCOME TAX ASSETS (Note 12)	1,208	1,514
OTHER ASSETS, net (Note 7)	9,118	5,074
GOODWILL, net of accumulated amortization of $8,425 (1999 – $324)	189,071	77,767
LONG-TERM ASSETS OF DISCONTINUED OPERATIONS (Note 3)	–	11,668
TOTAL ASSETS	$ 532,375	$ 271,693
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Borrowings under revolving credit facilities (Notes 9 and 10)	$ 45,292	$ 19,935
Sunbelt Notes and current portion of long-term debt (Note 10)	40,469	240
Accounts payable and other accrued expenses	130,521	73,339
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 5)	40,242	24,676
Future income tax liabilities (Note 12)	4,093	–
Income taxes payable	4,350	5,067
Current liabilities of discontinued operations (Note 3)	–	5,252
TOTAL CURRENT LIABILITIES	264,967	128,509
LONG-TERM DEBT (Notes 9 and 10)	123,817	40,312
FUTURE INCOME TAX LIABILITIES (Note 12)	272	–
OTHER LONG-TERM LIABILITIES	1,200	1,309
LONG-TERM LIABILITIES OF DISCONTINUED OPERATIONS (Note 3)	–	6,084
TOTAL LIABILITIES	390,256	176,214
COMMITMENTS AND CONTINGENCIES (Note 16)		
SHAREHOLDERS' EQUITY (Note 11)		
Common shares	88,071	53,235
Preferred shares	–	5,412
Warrants	229	229
Retained earnings	54,603	35,158
Cumulative translation adjustment	(784)	1,445
TOTAL SHAREHOLDERS' EQUITY	142,119	95,479
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 532,375	$ 271,693

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board:

GILBERT S. BENNETT
Chairman of the Board

JEAN-RENÉ HALDE
Chairman of the Audit Committee

Consolidated Statements of Earnings

For the years ended October 31

($U.S. in thousands, except per share)	**2000**	1999	1998
Revenues	**$ 843,661**	$ 293,104	$ 273,373
Cost of services	**706,902**	255,296	243,637
Gross margin	**136,759**	37,808	29,736
Selling, general and administrative expenses	**74,678**	24,905	21,918
Depreciation and amortization	**4,504**	1,596	1,102
Restructuring and other charges (Note 15)	**-**	7,609	-
Operating earnings	**57,577**	3,698	6,716
Income from long-term investments	**74**	23	294
Interest expense	**(22,370)**	(812)	-
Interest and other income	**1,224**	2,139	4,315
Earnings before provision for income taxes and goodwill charges	**36,505**	5,048	11,325
Provision for income taxes	**12,359**	1,677	4,641
Earnings before goodwill charges	**24,146**	3,371	6,684
Goodwill charges, net of taxes of $1,611 (1999 – $89; 1998 – nil)	**6,490**	497	288
Earnings from continuing operations	**17,656**	2,874	6,396
Earnings from discontinued operations, net of taxes (Note 3)	**1,789**	917	979
Net earnings	**$ 19,445**	$ 3,791	$ 7,375
EARNINGS FROM CONTINUING OPERATIONS BEFORE GOODWILL CHARGES PER SHARE			
Basic	**$ 0.64**	$ 0.12	$ 0.25
Fully diluted	**0.60**	0.12	0.24
EARNINGS FROM CONTINUING OPERATIONS PER SHARE			
Basic	**0.47**	0.11	0.24
Fully diluted	**0.44**	0.11	0.24
NET EARNINGS PER SHARE			
Basic	**0.52**	0.14	0.28
Fully diluted	**0.49**	0.14	0.27

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Retained Earnings

For the years ended October 31

($U.S. in thousands)	**2000**	1999	1998
RETAINED EARNINGS, beginning of year	**$ 35,158**	$ 31,367	$ 24,024
Effect of retroactive application of change in accounting method (Note 2)	**-**	–	(32)
RETAINED EARNINGS, as restated	**35,158**	31,367	23,992
NET EARNINGS	**19,445**	3,791	7,375
RETAINED EARNINGS, end of year	**$ 54,603**	$ 35,158	$ 31,367

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Cash Flows

For the years ended October 31

($U.S. in thousands)	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings from continuing operations	$ 17,656	$ 2,874	$ 6,396
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,504	1,596	1,102
Goodwill charges	8,101	586	288
Provision for deferred income taxes	(2,124)	(7,205)	2,501
Write-off of deferred financing fees	3,254	–	–
Other amortization charges	1,104	–	–
Earnings from long-term investments	(74)	(23)	(294)
Other	(7)	(125)	(65)
	32,414	(2,297)	9,928
Changes in operating assets and liabilities, net of businesses acquired	(56,778)	6,915	(296)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(24,364)	4,618	9,632
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for businesses acquired, net of cash acquired	(95,785)	(53,386)	–
Purchases of property and equipment	(7,849)	(1,451)	(1,816)
Proceeds from the sale of discontinued operations	11,694	–	–
Investment in discontinued operations	–	–	(3,500)
Capitalized acquisition costs	(1,622)	–	–
Other	(2,478)	(86)	(1,107)
NET CASH USED IN INVESTING ACTIVITIES	(96,040)	(54,923)	(6,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings under term facilities	105,139	25,179	–
Proceeds from the issuance of common stock	29,424	325	176
Borrowings under revolving credit facilities, net	25,357	5,566	–
Financing fees	(2,998)	(2,284)	–
Repayment of term facility	(579)	(995)	–
Repayment of revolving credit facilities	–	–	(1,705)
Repayment of Sunbelt Notes	(29,423)	–	–
Payment of long-term service arrangement	(2,000)	–	–
Other	(712)	–	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	124,208	27,791	(1,529)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,804	(22,514)	1,680
CASH AND CASH EQUIVALENTS, beginning of year	651	23,165	21,485
CASH AND CASH EQUIVALENTS, end of year	$ 4,455	$ 651	$ 23,165

SEE NOTE 13 FOR SUPPLEMENTAL CASH FLOW INFORMATION

The accompanying notes are an integral part of these consolidated statements.

1. BUSINESS AND ORGANIZATION

Bracknell Corporation ("Bracknell" or the "Company"), a corporation continued under the laws of Ontario, provides a full range of infrastructure services for networks, systems, production facilities and equipment of companies across North America. Bracknell's capabilities include the design and engineering, project management, installation, maintenance and service of increasingly complex and critical infrastructure. Critical infrastructure includes those systems whose incapacity or failure could have a devastating impact on a business. Bracknell provides its services on systems related to voice, data and video wireless and wireline communications, electrical power, lighting, automated controls, heating, ventilation, air conditioning, refrigeration, plumbing and process piping, and low voltage systems, such as fire alarms, security and surveillance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

BASIS OF PRESENTATION

The consolidated financial statements presented herein include the accounts of the Company and wholly-owned subsidiaries acquired in business combinations accounted for under the purchase method from their respective acquisition dates. All significant intercompany transactions and accounts have been eliminated in consolidation.

Under Canadian generally accepted accounting principles, companies are required to consolidate subsidiaries over which they have control of the determination for the strategic operating, investing, and financing policies; to proportionately consolidate investments in which they have joint control; and to equity account for investments over which they have significant influence.

All amounts are in U.S. dollars in thousands except per share numbers and as otherwise noted.

OPERATING CYCLE

The Company's work is performed under cost-plus-fee contracts, fixed-price contracts, and fixed-price contracts modified by incentive and penalty provisions. The length of the contracts varies from one month to approximately 24 months.

Assets and liabilities related to long-term contracts are included in current assets and current liabilities in the accompanying consolidated balance sheets as they will be liquidated in the normal course of contract completion, although this may require more than one year.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RISK CONCENTRATIONS

In the opinion of management, the significance of credit risk with respect to contract receivables is limited due to the large number of customers and the geographic diversification of the Company's customer base. The Company does not require collateral or other security on most of these accounts. However, the credit risk on these accounts is controlled through credit approvals, lien rights and payment bonds issued on behalf of general contractors and general monitoring procedures. The Company reviews its contract receivables and provides for allowances periodically.

At October 31, 2000 and 1999, no receivable from any customer exceeded five percent of gross contract receivables, nor did any customer's account exceed more than ten percent of contract revenue for any of the periods presented.

In the course of its operations, the Company is subject to certain risk factors including, but not limited to the following: rapid technological and structural changes in the Company's industries, internal growth and operating strategies, acquisition financing, significant fluctuations in quarterly results, contracts, management of growth, dependence on key personnel, availability of qualified employees, unionized workforce, competition, recoverability of goodwill and potential exposure to environmental liabilities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly-liquid investments that are both readily convertible into known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. At times such investments may be in excess of regulatory limits. However, the Company does not believe it is exposed to any significant credit risk on cash and cash equivalents. For purposes of the consolidated statements of cash flows, the Company considers such investments with an original maturity of three months or less to be cash equivalents.

INVENTORY

Inventory consists primarily of purchased materials and supplies used in the ordinary course of business. The inventory is valued at the lower of cost or market, with cost determined on a first-in, first-out ("FIFO") basis.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Equipment under capital leases is stated at the present value of minimum lease payments. Depreciation and amortization is provided in amounts sufficient to allocate the cost of the depreciable or amortizable assets to operations over their estimated service lives using the straight-line method.

Significant replacements and improvements are capitalized; other maintenance and repairs are expensed. The cost and accumulated depreciation of assets retired or otherwise

disposed of are eliminated from the accounts and any resulting gain or loss is credited or charged to income as appropriate. Depreciation is recorded using straight-line methods over the estimated useful lives of the related assets which are as follows:

Buildings	20 years
Machinery and equipment	3 – 7 years
Leasehold improvements	Term of lease

GOODWILL

Goodwill, which represents the excess of purchase price over fair value of tangible and identifiable intangible net assets acquired, is amortized on a straight-line basis over the expected periods to be benefited, generally 10 to 20 years. The Company assesses the recoverability of this intangible asset by determining whether the amortization of the goodwill balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired operation. If an impairment is identified, the amount of goodwill impairment, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds. The assessment of the recoverability of goodwill will be impacted if estimated future operating cash flows are not achieved.

DEBT ISSUANCE COSTS

Debt issuance costs related to the Company's Senior Credit Facility are included in other non-current assets in the accompanying consolidated balance sheets and amortized to interest expense over the scheduled maturity of the debt.

DEFERRED ACQUISITION COSTS

Pending acquisition costs are deferred and capitalized as part of completed acquisitions or expensed in the period in which the pending acquisition is terminated.

WARRANTY COSTS

For certain contracts the Company warrants labor for new installations and construction and servicing of existing infrastructure. An accrual for warranty costs is recorded based upon the historical level of warranty claims and management's estimate of future costs.

CONTRACT REVENUE RECOGNITION AND CONTRACT COSTS

Revenues from fixed-price and modified fixed-price construction contracts are recognized on the percentage-of-completion method, measured by the percentage of cost incurred to date to estimated total cost for each contract (the "cost-to-cost method"). This method is used because management considers costs incurred to be the best available measure of performance of progress on these contracts. Revenues from cost-plus-fee contracts are recognized on the basis of costs incurred during the period plus the fee earned. The Company does not recognize any gross profit amounts related to change order work performed until it is known that the change orders have been approved by the customer. An amount equal to contract costs attributable to claims is included in revenues when realization is probable and the amount can be reliably estimated. Revenue from time and materials service, including maintenance, is recognized when the service is performed.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance such as insurance, supplies, tools and depreciation. Selling, general and administrative costs are charged to expense as incurred.

Provisions for estimated losses on contracts in progress are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured.

The asset "Costs and estimated earnings in excess of billings on uncompleted contracts" represents revenues recognized in excess of amounts billed. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues recognized.

In addition, the Company makes investments in various business ventures in which arrangements are made with participants in projects where the Company provides bonding guarantees and cash advances for a share of the participants' project income. Earnings obtained from such activities are recognized in the consolidated statements of income based on the percentage of completion of the related project.

INCOME TAXES

Income taxes are accounted for under the asset and liability method. Future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax bases and operating loss carryforwards. Future tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities within Bracknell which are denominated in currencies other than U.S. dollars have been translated at the rate of exchange prevailing at the balance sheet date while other balance sheet items are translated at historic rates. Revenue and expense items have been translated at the rate of exchange in effect on the transaction dates. Realized, as well as unrealized, foreign exchange gains and losses are included in earnings in the year in which they occur.

FINANCIAL INSTRUMENTS

The carrying amounts reported in the accompanying consolidated balance sheets for contract receivables, accounts payable and other accrued expenses approximate fair value

because of the immediate or short-term maturity of these financial instruments. The carrying amounts reported for the Company's borrowings under revolving credit facilities, long-term debt and capital lease obligations approximate fair value due to interest rates that were comparable to current rates.

Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial instruments. They are subjective in nature and involve uncertainties and matters of judgement and, therefore, cannot be determined with precision. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular instrument. Changes in assumptions could significantly affect these estimates.

IMPAIRMENT RECOGNITION

Management evaluates the carrying value of its long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. To the extent the estimated future cash flows (undiscounted and without interest) attributable to the asset, less estimated future cash outflows, are less than the carrying amount, an impairment loss is recognized. The amount of impairment loss to be recorded is the difference between the asset's carrying value and the net undiscounted estimated future cash flows. Management believes no material impairment in long-lived assets exists at October 31, 2000.

CHANGE IN REPORTING CURRENCY

Prior to fiscal 1999 the Company prepared and filed its consolidated financial statements in Canadian dollars. During fiscal 1999, the Company adopted the U.S. dollar as its reporting currency for presentation of its consolidated financial statements due to the acquisition of significant U.S. operations. Historical consolidated results have been restated using a translation of convenience whereby all historical results have been restated using the exchange rate in effect on October 31, 1998 of $1 U.S. to $1.5429 Cdn Because of the strengthening of the Canadian dollar and Bracknell's significant amount of Canadian dollar assets prior to 1999 acquisitions in the U.S., the change in reporting currency resulted in the Company recognizing a $1,000 foreign exchange gain in 1999.

Bracknell's subsidiary operations in Canada are of a self-sustaining nature. Cumulative gains or losses arising from the translation of the assets and liabilities of these Canadian operations are recorded as a separate component of shareholders' equity.

CHANGE IN ACCOUNTING METHOD

In 1999 the Company determined that it would change the method by which income is recorded on major fixed-price contracts. Previously, the Company used a labor-based, percentage-of-completion method, whereas it now applies the percentage-of-completion method measured by the ratio of contract costs incurred to date to estimated total contract costs for each contract. The Company evaluated the underlying business factors affecting the measurement of progress towards completion and determined that the total cost method more accurately measures the overall progress on fixed price contracts. In addition, the change results in more consistent presentation of all Bracknell subsidiaries. The effect of this change decreased net earnings by $52 and $78 in 1999 and 1998 respectively, and by $32 for all years prior to 1998, and has been applied retroactively.

RECLASSIFICATIONS

Certain reclassifications have been made to the prior years consolidated financial statements to conform with the basis of presentation used in 2000.

3. BUSINESS ACQUISITIONS AND DIVESTITURES

2001 ACQUISITION

On December 22, 2000, Bracknell completed the acquisition of Able Telcom Holdings Corp. ("Able"), a telecom network services company. The acquisition will be accounted for under the purchase method of accounting. The equity purchase and working capital requirements were financed with the issuance of approximately 24 million common shares ($125 million), an estimated $85 million from the Company's newly-expanded credit facility and the issuance of $40 million in convertible preferred stock. Concurrent with the closing of the transaction, Bracknell amended its credit facility in order to provide working capital financing to the acquired company. See Note 9 "Credit Facility." In addition, the Company issued 2.1 million options to purchase shares at prices ranging from $5.62 to $9.45 per share and 2.4 million warrants at prices ranging from $11.66 to $20.20 per share.

PRO FORMA

The following unaudited pro forma information presents the results of operations as if the Able acquisition and the 2000 acquisitions described below had been completed on November 1, 1999.

	2000
Revenues	$ 1,307,270
Net loss from continuing operations	(25,466)

The pro forma results are not necessarily indicative of what actually would have occurred if the acquired businesses had been owned for the entire periods presented. In addition, they are not intended to be a projection of future results and do not reflect any synergies that might be achieved from combined operations. Pro forma adjustments include, but are not limited to the following: (a) contractually agreed reductions in salaries and benefits for former owners, and certain key employees; (b) adjustment to depreciation and amortization expense due to the purchase price allocations; (c) the assumed reductions in interest expense due to unassumed debt and the refinancing of the outstanding indebtedness, offset by an assumed increase in interest expense incurred in connection with financing the acquisitions; (d) adjustment to the federal and state income tax provisions based on the combined operations; (e) the exclusion of operating results of business divisions

which Bracknell intends to dispose; and (f) the exclusion of charges relating to stock appreciation rights since these rights were eliminated at the time of the merger pursuant to the merger agreement.

2000 ACQUISITIONS

On February 14, 2000, the Company acquired 100% of the shares of Sylvan Industrial Piping Inc., Sylvan Industrial Piping of Tennessee, Inc. and Sylvan Industrial Piping of NJ, Inc. (collectively "Sylvan"). The Company paid a total consideration of approximately $22,495 in cash, financed through advances against the Company's Senior Credit Facility. In addition, based on the future financial performance of Sylvan, former shareholders of Sylvan may be entitled to receive an earn-out up to a maximum of $5,000 payable in cash over the next three years.

On February 23, 2000, the Company acquired 100% of the shares of Highlight Construction Ltd., Highlight Antenna Services Ltd., Highlight Antenna and Tower Services Ltd. Highlight Solutions, Inc., Highlight Towers Ontario Ltd., and Vista Communications Technologies Ltd. (collectively "Highlight"). The Company paid a total consideration of approximately $2,599 in cash, financed through advances against the Company's Senior Credit Facility. In addition, based on the future financial performance of Highlight, former shareholders of Highlight may be entitled to receive an earn-out up to a maximum of $700 payable in cash over the next three years and an additional amount up to $300 depending on the collection of contract receivables.

On March 9, 2000, the Company acquired 100% of the shares of Sunbelt Integrated Trade Services, Inc. ("Sunbelt"). Immediately following the acquisition of Sunbelt, Sunbelt acquired 100% of the issued and outstanding shares of Inglett & Stubbs Inc., Schmidt Electric Company Inc., Crouch Industries LLC and Pneu-Temp, Inc. (collectively "Sunbelt"). The Company paid a total consideration of approximately $118,771 for Sunbelt (net of cash assumed of $9,400), of which $70,691 was paid in cash through advances against the Senior Credit Facility, with the remaining $48,080 satisfied through the issuance of promissory notes (the "Sunbelt Notes"). The Sunbelt Notes had an initial term of six months, bearing interest at 10.5% per annum, increasing after the first 90 days to 12.5% until repaid. The Sunbelt Notes may also be extended for additional 90-day terms or, to the extent Bracknell does not secure financing to repay the Sunbelt Notes when due, the holder can choose to settle the outstanding principal and interest then due by the issuance of Bracknell common and convertible preferred shares. The Sunbelt Notes were included in the current portion of long-term debt. Former shareholders of Sunbelt may also be entitled to receive an earn-out up to a maximum of $72,600 over the next three years. The earn-out is based on $4.25 for every $1.00 of Sunbelt's average earnings before interest, taxes, depreciation and amortization ("EBITDA") over a three year period in excess of $32,000. In addition, the former shareholders of Sunbelt have the option to receive up to half the earn-out in the Company's common shares at a price of $4.65 per share. Various employees of Sunbelt also received 285,000 options to acquire common shares of the Company that have performance-based vesting.

The Sylvan, Highlight, and Sunbelt acquisitions were accounted for by the purchase method of accounting and, accordingly, the purchase price was allocated to current assets as well as noncurrent tangible and intangible assets based on their fair values as determined by management. The results from operations have been included in the accompanying consolidated financial statements beginning on the respective dates of the acquisitions. The acquisitions were funded with the proceeds from the Senior Credit Facility. The net purchase price of $143,865, including acquisition costs, was allocated as follows:

Cash paid net of cash acquired	$ 95,785
Issuance of notes	48,080
Purchase price	143,865
Fair value of assets acquired, net of cash acquired	(83,207)
Liabilities assumed	56,589
Goodwill	$ 117,247

Certain other purchase price adjustments, including working capital adjustments and payments for earn-outs in respect of previous acquisitions totaling $2,158, were made during fiscal 2000.

2000 DIVESTITURES

On May 26, 2000, the Company sold its 50% equity interest in PROFAC Facilities Management Services Inc. to its partner SNC-Lavalin, Inc. for consideration of $15,131 in cash, of which $3,437 is dependent on certain conditions being met in respect of the purchase of NEXACOR by PROFAC. The Company received approximately $11,694 cash at closing with the remaining $3,437 due September 2001. The Company recognized a pre-tax gain on the sale of $4,035 and may record an additional pre-tax gain in excess of $3,437 in September 2001. The prior years financial statements of the Company have been restated to treat PROFAC as a discontinued operation. PROFAC's operating results for all years presented were reflected as "discontinued operations." The statements of earnings for PROFAC were as follows:

	2000	1999	1998
Revenue	$ 20,604	$ 23,343	$ 22,553
Earnings before interest, taxes, depreciation amortization and restructuring	$ 685	$ 1,953	$ 2,073
Depreciation and amortization	(724)	(486)	(328)
Interest and other income	(715)	171	64
Earnings before taxes	(754)	1,638	1,809
Provision for income taxes	317	721	830
Earnings (loss) from discontinued operations	(1,071)	917	979
Gain on sale of discontinued operations	2,860	–	–
Net earnings	$ 1,789	$ 917	$ 979

PRO FORMA

The following unaudited pro forma information presents the results of operations as if all the 1999 and 2000 acquisitions and divestitures had been completed as of November 1, 1997.

	2000	1999	1998
Revenue	**$ 968,257**	$ 842,944	$ 837,596
Net earnings from continuing operations	**20,620**	6,828	18,143

The pro forma results are not necessarily indicative of what actually would have occurred if the acquired businesses had been owned for the entire periods presented. In addition, they are not intended to be a projection of future results and do not reflect any synergies that might be achieved from combined operations. Pro forma adjustments include, but are not limited to the following: (a) contractually agreed reductions in salaries and benefits for former owners and certain key employees; (b) adjustment to depreciation and amortization expense due to the purchase price allocations; (c) the assumed reductions in interest expense due to unassumed debt and the refinancing of the outstanding indebtedness, offset by an assumed increase in interest expense incurred in connection with financing the acquisitions; and (d) adjustment to the federal and state income tax provisions based on the combined operations.

1999 ACQUISITIONS

On June 30, 1999, the Company acquired for cash all of the issued and outstanding shares of Preferred Electric Inc. ("Preferred"). The purchase price was $5,902 and was financed by cash on hand. Through 2001, an additional amount, up to a maximum of $3,200, will be payable if certain performance targets are met by Preferred. Total assets acquired and liabilities assumed were approximately $3,002 and $774, respectively. The acquisition has been accounted for using the purchase method of accounting. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their anticipated fair values resulted in goodwill of approximately $3,674, which is being amortized to expense over 20 years using the straight-line method. The accompanying consolidated statements of earnings reflect the results of operations of Preferred from the date of acquisition through October 31, 2000.

On September 30, 1999, the Company acquired for cash and common and preferred shares of the Company, all the issued and outstanding common stock of Nationwide Electric, Inc. ("Nationwide"). The total purchase price was $78,802, of which $47,484 was paid in cash (which included $1,887 of transaction costs) with the remainder paid with 6,041,638 Bracknell common shares ($25,677), 1,273,535 newly-issued Bracknell convertible preferred shares ($5,412) and warrants entitling the holders to purchase 385,822 of Bracknell's common shares at $4.25 for 18 months ($229). The number of Bracknell common shares issued to the shareholders of Nationwide was determined based upon a value of $4.25 per share. Total assets acquired and liabilities assumed were approximately $79,952 and $73,956, respectively. The acquisition has been accounted for using the purchase method of accounting. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their anticipated fair values resulted in goodwill of approximately $72,806 which is being amortized to expense over 20 years using the straight-line method. The accompanying consolidated statements of income reflect the results of operations of Nationwide and Preferred from the date of the acquisition through October 31, 2000. The net purchase price of $84,704 for both of these acquisitions, including acquisition costs, was allocated as follows:

Cash paid net of cash acquired	$ 53,386
Common shares issued	25,677
Convertible preferred shares issued	5,412
Warrant issued	229
Purchase price	84,704
Fair value of assets acquired, net of cash received	(82,954)
Liabilities assumed	74,730
Goodwill	$ 76,480

1999 DIVESTITURES

During 1999 the Company sold its 50% interest in National-State Construction Group Inc. for $1,360. Proceeds received from the National-State transaction were $68 in cash with the remainder in the form of a note receivable bearing interest at the prime commercial lending rate with the remainder payable as follows:

August 30, 2001	$ 230
August 30, 2002	427
August 30, 2003	427
	$ 1,084

The note is secured by the sold shares of National-State and an irrevocable letter of guarantee. There was no gain or loss resulting from this transaction.

4. CONTRACT RECEIVABLES

Contract receivables at October 31, 2000 and 1999 were as follows:

	2000	1999
Contract receivables	**$ 184,009**	$ 108,942
Retention	**27,492**	16,298
	211,501	125,240
Less: Allowance for doubtful accounts	**(1,485)**	(813)
	$ 210,016	$ 124,427

5. CONTRACTS IN PROGRESS

Costs and estimated earnings on uncompleted contracts at October 31, 2000 and 1999 were as follows:

	2000	1999
Costs incurred on uncompleted contracts	$ 1,227,499	$ 521,575
Estimated earnings	158,806	63,199
	1,386,305	584,774
Less: Billings to date	1,344,554	583,548
	$ 41,751	$ 1,226

Included in the accompanying consolidated balance sheets under the following caption were the following:

	2000	1999
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 81,993	$ 25,902
Billings in excess of costs and estimated earnings on uncompleted contracts	(40,242)	(24,676)
	$ 41,751	$ 1,226

6. PROPERTY AND EQUIPMENT

Property and equipment at October 31, 2000 and 1999 was as follows:

2000

	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Land	$ 175	$ –	$ 175
Buildings	607	199	408
Machinery & equipment	33,213	19,638	13,575
Leasehold improvements	6,015	2,129	3,886
	$ 40,010	$ 21,966	$ 18,044

1999

	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Land	$ 181	$ –	$ 181
Buildings	470	170	300
Machinery & equipment	19,441	11,022	8,419
Leasehold improvements	1,337	998	339
	$ 21,429	$ 12,190	$ 9,239

7. OTHER ASSETS

Other assets at October 31, 2000 and 1999 were as follows:

	2000	1999
Deferred financing fees, net of amortization of $495 (1999-$14)	$ 2,247	$ 2,304
Capitalized acquisition costs	1,622	271
Long-term portion of note receivable arising from sale of National-State	854	1,122
Long-term service arrangement fee, net of amortization of $126 (1999 – nil)	1,874	–
Long-term investments	–	180
Other	2,521	1,197
	$ 9,118	$ 5,074

8. JOINT VENTURES

The Company engaged in joint ventures for jointly controlled enterprises and jointly controlled operations. These were reflected in the accompanying consolidated financial statements using the proportionate consolidation method. In fiscal 2000 these joint ventures no longer carried on any activities.

The Company's proportionate share of the total assets, liabilities, and results of operations of these joint ventures for the years ended October 31, 2000, 1999 and 1998 was as follows:

	2000	1999	1998
Current assets	$ –	$ 4,693	$ 11,514
Current liabilities	–	1,549	1,574
Revenues	–	196	–
Gross profit (loss)	–	68	(259)
Net earnings (loss)	–	23	(151)
Cash flow from operations	–	1,365	–

During 1999 the Company entered into an agreement with its joint venture partner on the Cardinal Co-generation project, which had been the subject of significant claims both by and against the owner, whereby all risks and rewards associated with the settlement of these claims would reside with the other joint venture partner. As a result of entering into this agreement, the Company recorded an additional loss of $2,343 in 1999 which has been reflected in restructuring and other charges.

9. CREDIT FACILITY

Subsequent to year end the Company renegotiated its senior credit facility and currently has in place credit facilities with total availability of $370,000 under two senior credit agreements with a syndicate of banks. The operating facilities are 364-day renewable facilities and the term facilities mature on October 31, 2004. The credit facility, made up of $250,000 in term commitments and $120,000 in operating commitments, was amended to its current amount from $212,500 as at October 31, 2000, to provide for the acquisition of Able Telcom and the repayment of the Sunbelt Notes. See Note 3 "Business Acquisition and Divestiture." Concurrent with the closing of the Able Telcom acquisition, $105,000 of term debt was drawn to provide capital financing to the acquired company. The Company is also committed to receive $40,000 from the sale of convertible preferred shares associated with the Able Telcom acquisition in the first quarter of fiscal 2001. At October 31, 2000, the Company's drawings under the facility were as follows:

Commitment	Available	Drawn at October 31 2000
Canadian Operating	$ 25,000	$ 18,792
U.S. Operating	42,500	26,500
Canadian Term	30,000	29,598
U.S. Term	115,000	115,000
	$ 212,500	$ 189,890

As of October 31, 2000, the available borrowings under the Canadian operating facility were $5,072 after giving effect to outstanding letters of credit of $1,136.

As of October 31, 2000, borrowings under these facilities bore interest at LIBOR plus 2.75% or prime rate plus 1.75%. However, rates can vary between 1.75% to 4.25% over LIBOR or 0.75% to 3.25% over the prime rate based on the Company's ratio of total net debt to consolidated earnings before interest, taxes, depreciation and amortization. The operating facilities, which are revolving credit facilities, may be used only for general corporate purposes and not for acquisitions. The term facilities require repayments of 5% per quarter for the 11 quarters beginning April 30, 2001 increasing to 10% for the next three quarters and 15% for the final quarter.

As a result of amending and restating the credit facility, the Company charged to expense in early fiscal 2000, financing fees of $3,254 associated with the original facility. Fees associated with the next amended and restated agreement in the amount of $2,247 are being amortized over the remainder of the five year period of the facility. As a result of the credit facility amendment subsequent to year end, these financing fees will be charged to expense in the first quarter of 2001.

The facility is secured by a charge on all assets of the Company, including the pledges of all shares of the Company's subsidiaries. The facility restricts other pledges of all material assets. The credit facility requires compliance with usual and customary covenants for a credit facility of this nature including a limitation on the payment of dividends on common shares and the consent of the lenders for acquisitions that do not satisfy specified criteria and financial covenants.

10. LONG-TERM DEBT

Long-term debt as of October 31, 2000 and 1999 was as follows:

	2000	1999
Term commitment (See Note 9)	$ 144,598	$ 40,000
Other	1,051	552
	145,649	40,552
Less: Current portion	21,832	240
	$ 123,817	$ 40,312

Aggregate annual maturities of long-term debt during the following periods are as follows:

	Years Ending October 31
2001	$ 21,832
2002	28,920
2003	28,920
2004	65,977
	$ 145,649

An additional $15,750 of principal repayments are due in fiscal 2001 on the $105,000 drawn under the credit facility to fund the Able transaction. See Note 9 "Credit Facility."

Total interest expense on long-term debt was $11,368, $289 and nil for the years ended October 31, 2000, 1999 and 1998, respectively. For the fiscal year ended October 31, 2000, the weighted average interest rate was 10.4%.

11. SHAREHOLDERS' EQUITY

COMMON STOCK

Authorized common stock consists of an unlimited number of no par value common shares.

At October 31, 2000 and 1999 common shares issued and outstanding consisted of 40,679,738 shares and 32,546,975 shares, respectively.

On March 31, 2000, the Company completed a public offering of 6,000,000 common shares in Canada at a price of Cdn $7.00 per share. On April 13, 2000, the underwriters exercised their full over-allotment option of 600,000 shares. After underwriter fees and expenses of $2,466, the Company received net proceeds of $28,823 which were utilized to repay a portion of the Sunbelt Notes.

PREFERRED STOCK

Preferred stock consists of an unlimited number of preferred shares issuable in series of which one series is designated Series A. Series A preferred shares are cumulative, redeemable, retractable, convertible preferred shares. On February 29, 2000, the shareholders approved the conversion of each of the Company's 9.5% Convertible Preferred Shares Series A into one common share of the Company.

WARRANTS

The Company has warrants outstanding entitling the holders to purchase 385,822 common shares at $4.25 until March 31, 2001.

STOCK OPTIONS

The Company maintains a stock option plan which is administered by the Board of Directors. All non-unionized employees are eligible to participate in the plan. The option plan is considered to be non-compensatory. As a result of option holders exercising their options, 259,228 and 132,500 shares were issued resulting in a credit to equity for the net proceeds of $601 and $325 for the fiscal years ended October 31, 2000 and 1999, respectively.

Stock options granted vest in equal tranches over three years commencing on the date of employment. The Company has also granted performance-based stock options which vest in seven years. These options may vest on an accelerated basis in equal tranches over three years from the date of grant so long as the Company's shareholders experience at least 20% compounded growth in share price over the exercise price within each of the three years from the date of grant, measured on the basis of the 20-trading-day average closing price for Bracknell common shares on The Toronto Stock Exchange. Options issued under the stock option plan may be exercised during a period determined by the Board which may not exceed ten years.

Of the options below, 1,564,554 were exercisable at October 31, 2000. Exercise prices range between Cdn $2.70 and Cdn $6.75 per share which were equal to the market prices at the time the options were granted. These options expire between January 19, 2002, and January 26, 2007.

The Company may grant options for up to 4,280,344 shares under the stock option plan ("SOP"). The Company has 5,016,484 outstanding options as of October 31, 2000, under the SOP, 736,140 of which are subject to shareholder approval. The exercise price in respect to any option issued under the SOP is required to be fixed by the board and may not be less than the closing price of the common shares on the day prior to the day on which the option is granted. Options issued under the SOP may be exercised during a period determined by the Board, which may not exceed ten years.

Activity under the SOP in U.S. dollars was as follows:

	2000			1999			1998		
	Shares		**Weighted Average Exercise Price**	Shares		Weighted Average Exercise Price	Shares		Weighted Average Exercise Price
Options outstanding at beginning of period	**3,431,594**	**$**	**3.67**	1,085,000	$	2.09	1,085,000	$	1.99
Granted	**2,089,152**		**5.11**	2,580,594		4.25	100,000		2.97
Cancelled	**245,034**		**4.17**	101,500		3.92	-		-
Exercised	**259,228**		**2.33**	132,500		2.47	100,000		1.74
Options outstanding at end of period	**5,016,484**	**$**	**4.30**	3,431,594	$	3.67	1,085,000	$	2.09
Exercisable at end of period	**1,564,554**	**$**	**3.92**	1,505,149	$	3.10	992,500	$	2.00

12. INCOME TAXES

The components of income tax expense for the years ended October 31, 2000, 1999 and 1998 were as follows:

		2000		1999		1998
Current	**$**	**14,483**	$	8,882	$	2,140
Future		**(2,124)**		(7,205)		2,501
	$	**12,359**	$	1,677	$	4,641

A reconciliation of the Company's effective income tax rate as compared to the tax provision calculated by applying the Canadian statutory rate to the income before income taxes for the years ended October 31, 2000, 1999 and 1998 was as follows:

	2000	1999	1998
Canadian statutory income tax rate	**44.0%**	44.5%	44.5%
Effect of foreign tax rates	**(4.5)**	–	–
Change in valuation allowance	**–**	(13.9)	3.1
Non-taxable capital gains	**–**	–	(2.9)
Non-taxable foreign currency translation	**–**	(6.6)	
Other	**(5.6)**	9.2	(3.7)
	33.9%	33.2%	41.0%

The tax effects of temporary differences that give rise to significant portions of the current future income tax assets and liabilities at October 31, 2000 and 1999 were as follows:

		2000		1999
ASSETS				
Contract accounting	**$**	**132**	$	(1,392)
Non-deductible reserves		**6,558**		2,035
Other		**803**		136
	$	**7,493**	$	779
LIABILITIES				
Contract accounting	**$**	**4,237**	$	–
Non-deductible reserves		**(221)**		–
Other		**77**		–
	$	**4,093**	$	–

$41 of current future income tax assets and $68 of current future income tax liabilities were acquired during the year through acquisitions.

The tax effects of temporary differences that give rise to significant portions of the long-term future income tax assets and liabilities at October 31, 2000 and 1999 were as follows:

		2000		1999
ASSETS				
Net operating loss carryforwards	**$**	**1,145**	$	78
Property, equipment and intangibles due to decelerated depreciation and amortization		**1,184**		956
Non-deductible reserves		**(1,121)**		480
	$	**1,208**	$	1,514
LIABILITIES				
Property, equipment and intangibles due to accelerated depreciation and amortization	**$**	**272**	$	–

$54 of long-term future income tax liabilities were acquired during fiscal 2000 through acquisitions.

The valuation allowance decreased by $933 for the year ended October 31, 1999. Management has considered certain tax planning strategies as permitted under the Canadian Institute of Chartered Accountants Handbook Section 3465, "Accounting for Income Taxes." Management has determined that the tax benefits associated with the recorded future income tax assets, net of valuation allowance, are more likely than not realizable through future taxable income and future reversals of existing taxable temporary differences.

At October 31, 2000, the Company had loss carryforwards for federal income tax purposes of approximately $2,327 which are available to offset future federal taxable income, if any, expiring in 2007.

13. SUPPLEMENTAL FINANCIAL INFORMATION

The Company paid $14,716, $223 and $385 in interest for the years ended October 31, 2000, 1999 and 1998, respectively.

The Company paid $18,595, $7,179 and $843 in income taxes for the years ended October 31, 2000, 1999 and 1998, respectively.

The Company recorded the following significant non-cash items for the years ended October 31, 2000 and 1999, respectively:

	2000	1999
Property and equipment acquired through the issuance of capital lease obligations	$ 180	$ 780
Notes issued in lieu of cash for Sunbelt acquisition	$ 48,080	$ –

14. RELATED PARTY TRANSACTIONS

Management believes transactions with related parties were under terms no less favorable to the Company than those arranged with other parties.

LEASES

The Company leases certain of its office space, production facilities and certain equipment from related parties. These multiple lease agreements require base monthly payments of $116 at October 31, 2000, and have been classified as operating leases. These leases require the Company to provide insurance, repairs and maintenance, and to pay real estate taxes on the leased property. These leases expire between 2003 and 2009. Lease expense for the year ended October 31, 2000, was approximately $1,117 (1999 - $41, 1998 - nil).

NOTES

The Sunbelt Notes in the amount of $48,080 referred to in Note 3 were issued to former owners of Sunbelt as partial consideration of the share acquisition purchase price. The Sunbelt Notes had an initial term of six months, bearing interest at 10.5% per annum, increasing after the first 90 days to 12.5% until repaid. The Sunbelt Notes may also be extended for additional 90-day terms or, to the extent Bracknell does not secure financing to repay the Sunbelt Notes when due, the holder can choose to settle the outstanding principal and interest then due by the issuance of Bracknell common and convertible preferred shares. The Sunbelt Notes are included in the current portion of long-term debt.

OTHER

The Company, in the ordinary course of business, performs work for its joint ventures on normal commercial terms and provides cash and guarantee facilities in accordance with joint venture participant arrangements.

The Company also provides and receives cash advances to and from affiliated companies and business ventures. Advances made and cash distribution receipts are mainly of a project nature and are interest free.

15. RESTRUCTURING AND OTHER CHARGES

The restructuring and other charges incurred in 1999 resulted from the retirement of former executives and management changes at Bracknell and its wholly-owned subsidiary, The State Group Limited, in an amount of $5,266 with the remainder relating to the settlement of the dispute on the Cardinal project. The remaining balance of these accruals was $1,253 as at October 31, 2000 (1999 – $4,420).

16. COMMITMENTS AND CONTINGENCIES

The Company is involved in claims and litigation primarily arising from the normal course of business for the reimbursement of costs of additional work and of additional costs incurred due to changed conditions. Any settlements or awards will be recognized when the outcome and amounts are determinable. Management believes that the ultimate outcome of these matters will not have a material effect on the Company's consolidated results of operations or financial position.

In the normal course of business, the Company is required to provide performance bonds and/or payment bonds in respect of certain contracts that guarantee payment for labor, material and services in the event of default by the Company. The Company has executed an indemnity agreement in favor of the surety of these bonds. In addition, the Company provides bonding for its various joint venture and investment interests.

LEGAL

There is a dispute involving a claim for wrongful termination of a contract at one of the Company's subsidiaries which has resulted in litigation. The original value of the contract was

$30,900. At the time of termination, $14,900 had been paid under the contract with undisputed receivables outstanding on the project of $9,100. Unbilled change orders are not expected to exceed 30% of the original contract value. The reason for the termination has not been particularized and therefore the ultimate outcome of this matter cannot be predicted with certainty. The Company believes that its claim for wrongful termination has merit and that there are substantive defenses to any potential counterclaims.

In October 1997, The Allison Company ("Allison"), a subsidiary of Nationwide acquired in October 1998, was named as a defendant in a lawsuit arising out of electrical work performed by Allison as a subcontractor. The initial complaint filed against the general contractor for the project alleges the system installed by Allison was defective. Allison denies any responsibility for the claims on the basis that, among other things, installation was in accordance with the approved plans and specifications of the project. Prior to its acquisition by Nationwide, Allison entered into mediation in an effort to settle the lawsuit. Based on a settlement offer made during mediation of such lawsuit, Allison recorded a $1,200 liability. Such liability is reflected in the consolidated balance sheets within other long-term liabilities. Under the Stock Purchase Agreement entered into with Nationwide, former stockholders of Allison have agreed to indemnify Nationwide for settlements reached in the above matter. Accordingly, Nationwide recorded an asset of $720 (which is net of associated tax benefit) to reflect such indemnification.

SELF-INSURANCE

The Company carries a broad range of insurance coverage, including business auto liability, business property liability, workers' compensation, general liability and an umbrella policy. The accruals are based on known facts and historical trends and management believes such accruals to be adequate.

Quality Mechanical Contractors Inc., ("Quality"), a wholly-owned subsidiary of the Company, is a self-insured employer in the Nevada Workers Compensation Program. The plan is administered by a licensed third party administrator. The Company is indemnified for any damages related to workers compensation claims in excess of $250 and up to $1,000 for each accident. As of October 31, 2000, $54 for estimated future claims was recorded in the accompanying consolidated balance sheet in accrued expenses. The Company has provided a self insurance bond of $187 as a condition to participate in the self-insured program, which remained outstanding as of October 31, 2000.

UNIONIZED LABOR FORCE

Certain of the subsidiaries are party to various collective bargaining agreements with certain of their employees. The agreements require the subsidiaries to pay specified wages and provide certain benefits to union employees. These agreements expire at various times.

UNION-ADMINISTERED BENEFIT PLANS

In connection with its collective bargaining agreements with various unions, the Company participates with other companies in the unions' multi-employer pension plans. These plans cover all of the Company's employees who are members of such unions. The Employee Retirement Income Security Act of 1974, as amended by the Multi-Employer Pension Plan Amendments Act of 1980, imposes certain liabilities upon employers who are contributors to a multi-employer plan in the event of the employer's withdrawal from, or upon termination, of such plan. The Company has no plans to withdraw from these plans. The plans do not maintain information on net assets and actuarial present value of the plans' unfunded vested benefits allocable to the Company, and amounts, if any, for which the Company may be contingently liable are not ascertainable at this time.

DEFINED CONTRIBUTION PLAN

Under the various defined contribution plans the annual contributions required by the Company are generally determined based on a percentage of eligible wages, the level of the Company's return on sales and return on net assets or at the discretion of the Board of Directors. Company contributions for these plans were approximately $2,810, ($602 in respect of fiscal 2000 acquisitions, and $2,208 in respect of fiscal 1999 acquisitions) $402 and nil in 2000, 1999 and 1998, respectively.

EMPLOYEE STOCK PURCHASE PLAN

The Company maintains voluntary employee stock purchase plans (the "Plan"). The Plan allows participants to purchase the Company's common stock through payroll deductions ranging from 2% to 10%. The Company will match 50% of the participants' purchase up to 4% of participants' earnings. The Plan covers full-time, non-union employees who have completed 12 months of continuous service (1,650 hours, excluding overtime). In addition, the participants must work at least 1,400 hours per Plan year. For the year ended October 31, 2000, the Company matched approximately $215 (1999 – $113, 1998 – $109) of participants' stock purchases that were expensed as incurred.

OPERATING LEASES

The Company leases offices, warehouse facilities and field vehicles that are classified as operating leases.

Annual minimum lease payments under these non-cancellable operating leases during the following periods are as follows:

Year Ending	
October 31, 2001	$ 4,924
October 31, 2002	3,403
October 31, 2003	2,976
October 31, 2004	2,505
October 31, 2005, and thereafter	3,431
	$ 17,239

17. SEGMENTED INFORMATION

The Company operates in one reportable segment as a facilities infrastructure services provider. The Company designs, installs and maintains the networks, systems and facilities supporting the operations of commercial, industrial, special technologies and telecom customers. Each of these services is provided by various of the Company's subsidiaries and discrete financial information is not provided to management at the customer level. The following table presents information regarding revenues from the customer groupings noted above.

REVENUES

	2000	1999	1998
Commercial	**$ 233,343**	$ 91,023	$ 84,896
Industrial	**354,540**	195,054	181,923
Special Technologies	**120,370**	–	–
Telecom	**135,408**	7,027	6,554
	$ 843,661	$ 293,104	$ 273,373

The Company had operations in the United States, Canada and Other as follows:

2000 Geographic Segment:

	U.S.	Canada	Other	Total
Revenue	**$ 625,246**	**$ 214,570**	**$ 3,845**	**$ 843,661**
Total assets	**255,319**	**277,056**	**–**	**532,375**

1999 Geographic Segment:

	U.S.	Canada	Other	Total
Revenue	$ 86,920	$ 200,878	$ 5,306	$ 293,104
Total assets	177,258	89,528	4,907	271,693

1998 Geographic Segment:

	U.S.	Canada	Other	Total
Revenue	$ 41,684	$ 208,207	$ 23,482	$ 273,373
Total assets	11,485	118,270	3,889	133,644

18. RECONCILIATION OF CANADIAN GAAP TO U.S. GAAP

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998 the Financial Accounting Standards Board ("FASB") issued SFAS No.133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The effective date of SFAS No.133 was delayed one year to fiscal years beginning after June 15, 2000 by SFAS No.137. Management does not believe the implementation of this accounting pronouncement will have a material effect on its financial statements.

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No.101, "Revenue Recognition," which provides guidance on the application of existing revenue recognition rules for transactions that existing rules do not specifically address. In June 2000, the SEC issued SAB No.101B, which delayed the effective date of SAB No.101. This guidance is effective for the Company's fourth quarter of fiscal 2001. Management does not believe the implementation of this accounting pronouncement will have a material effect on its financial statements.

RECONCILIATION OF CANADIAN GAAP TO U.S. GAAP

The Company's consolidated financial statements have been prepared in accordance with Canadian GAAP, which differs, in some respects, from U.S. GAAP. Any differences in accounting principles as they pertain to the Company's consolidated financial statements were immaterial except as follows:

NET EARNINGS RECONCILIATION

	2000	1999	1998
Net earnings as reported	**$ 19,445**	$ 3,791	$ 7,375
Description of items having the effect of increasing (decreasing) reported income:			
Translation of convenience(a)	**–**	–	433
Deferred start-up costs(b)(i)	**5,164**	(3,828)	(1,336)
Deferred start-up costs, tax effect	**(2,065)**	1,531	534
Change in accounting policy(c)	**–**	(110)	78
Change in accounting policy, tax effect	**–**	–	–
Foreign exchange losses(d)	**–**	–	(2,474)
Net earnings under U.S. GAAP	**22,544**	1,384	4,610
Other comprehensive income:			
Cumulative translation account(e)	**(2,229)**	1,445	(2,838)
Comprehensive earnings	**$ 20,315**	$ 2,829	$ 1,772

EARNINGS FROM OPERATIONS RECONCILIATION

	2000	1999	1998
Earnings from operations as reported	**$ 57,577**	$ 3,698	$ 6,716
Description of items having the effect of increasing reported income:			
Translation of convenience(a)	**–**	–	395
Change in accounting policy(c)	**–**	–	78
Description of items having the effect of decreasing reported income:			
Change in accounting policy(c)	**–**	(110)	–
Reclassification of goodwill amortization(g)	**(8,101)**	(586)	(307)
Earnings from operations under U.S. GAAP	**$ 49,476**	$ 3,002	$ 6,882

EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES RECONCILIATION

	2000	1999	1998
Earnings from continuing operations before income taxes as reported	**$ 36,505**	$ 5,048	$ 11,325
Reclassification of extraordinary loss (h)	**3,254**	–	–
Description of items having the effect of increasing reported income:			
Translation of convenience(a)	**–**	–	395
Change in accounting policy(c)	**–**	–	78
Description of items having the effect of decreasing reported income:			
Change in accounting policy(c)	**–**	(110)	–
Foreign exchange losses(d)	**–**	–	(2,474)
Reclassification of goodwill amortization(g)	**(8,101)**	(586)	(307)
Earnings from continuing operations before income taxes under U.S. GAAP	**$ 31,658**	$ 4,352	$ 9,290

Under U.S. GAAP, the statement of shareholders' equity was as follows:

	Common Stock	Preferred Stock	Contributed Surplus	Cumulative Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
Balance, October 31, 1997(f)	$ 30,851	$ -	$ -	$ (856)	$ 25,965	$ 55,960
Shares issued	176	-	-	-	-	176
Net income	-	-	-	-	4,610	4,610
Cumulative translation account	-	-	-	(2,838)	-	(2,838)
Balance, October 31, 1998	31,027	-	-	(3,694)	30,575	57,908
Shares issued	26,002	5,412	-	-	-	31,414
Warrants issued	-	-	229	-	-	229
Net income	-	-	-	-	1,384	1,384
Cumulative translation account	-	-	-	1,445	-	1,445
Balance, October 31, 1999	57,029	5,412	229	(2,249)	31,959	92,380
Shares issued	29,424	-	-	-	-	29,424
Shares converted	5,412	(5,412)	-	-	-	-
Net income	-	-	-	-	22,544	22,544
Cumulative translation account	-	-	-	(2,229)	-	(2,229)
Balance, October 31, 2000	**$ 91,865**	**$ -**	**$ 229**	**$ (4,478)**	**$ 54,508**	**$ 142,119**

(a) As reported in Note 2 "Summary of Significant Accounting Policies," during 1999 the Company adopted the U.S. dollar as its reporting currency for presentation of its consolidated financial statements. In accordance with Cdn GAAP (EIC 11), historical consolidated results were restated using a translation of convenience, whereby all historical results were reflected using the exchange rate in effect on October 31, 1998, of $1U.S. to $1.5429 Cdn. U.S. GAAP (SFAS 52), requires that income statements be translated from the old reporting currency into the new reporting currency using a weighted average exchange rate for the applicable period and that the balance sheet be translated using the applicable period-end exchange-rate for all periods presented.

(b) Losses relating to the LibanPost start-up period had been deferred with the intention of amortizing the balance beginning in fiscal 2000 in accordance with Canadian GAAP. U.S. GAAP (SOP 98-5) requires that start-up costs be expensed as incurred.

(c) Canadian GAAP requires that a change in accounting policy be applied retroactively. U.S. GAAP requires all retroactive effects to be recorded the year the change in accounting policy is applied. See Note 2 "Summary of Significant Accounting Policies."

(d) The restatement of prior period financial statements in accordance with SFAS 52 as described in (a) resulted in foreign exchange movements relating to the Company's corporate operations being charged to the income statement.

(e) The restatement of prior period financial statements in accordance with SFAS 52 as described in (a) resulted in cumulative translation adjustments representing the movement in exchange rates for the Company's self-sustaining foreign subsidiaries.

(f) The opening balances of common stock and retained earnings under U.S. GAAP differ from the balances under Canadian GAAP due to the differences in foreign exchange translation. Canadian GAAP opening equity for the earliest period was converted at a rate of 1.5429 while the average exchange rate at the given time was used for U.S. GAAP.

(g) Disclosure of earnings from operations before goodwill charges as well as the reported per share information is prohibited under U.S. GAAP. The goodwill amortization shown separately for Canadian GAAP has been reclassified to depreciation and amortization for U.S. GAAP reconciliation purposes.

(h) The settlement loss on the credit facility is treated as an extraordinary item under U.S. GAAP.

(i) At the time of the sale, the investment balance for Profac differed under Cdn and U.S. GAAP as a result of the different treatment for the deferred start-up costs as discussed in (b). This difference resulted in an additional gain on the sale of the investment of $2,023, net of taxes.

	2000	1999	1998
Shareholders' equity as reported	$ 142,119	$ 95,479	$ 58,600
Adjustments to reflect U.S. GAAP:			
Deferred start-up costs, net of tax(b)(i)	–	(3,099)	(802)
Change in accounting policy, net of tax(c)	–	–	110
Shareholders' equity U.S. GAAP	$ 142,119	$ 92,380	$ 57,908

All U.S. GAAP reconciling items were non-cash based and therefore had no effect on the statement of cash flow information.

19. ADDITIONAL U.S. GAAP DISCLOSURES

STOCK BASED COMPENSATION

For U.S. GAAP, the Company accounts for the issuance of incentive stock options pursuant to accounting standard APB No. 25 "Accounting for Stock Issued to Employees." The intrinsic value method prescribed by APB No. 25 requires that the Company recognize compensation expense as the amount by which the fair value of the stock exceeds the exercise price of incentive stock options at the date of grant. At the date of grant, none of the Company's incentive stock options had an exercise price that was less than the fair value of the related stock.

Consequently, pursuant to APB No. 25 the Company's consolidated financial statements as presented herein conform in all material respects with U.S. GAAP. However, had the Company adopted SFAS No. 123 "Accounting for Stock-Based Compensation," the pro forma disclosure of the Company's earnings and earnings per share would be as follows:

	2000	1999	1998
Net earnings under U.S. GAAP	$ 22,544	$ 1,384	$ 4,610
Stock-based compensation	(3,522)	(1,574)	(215)
Tax effect	1,331	560	90
Pro forma net earnings	$ 20,353	$ 370	$ 4,485
Pro forma net earnings per share – Basic	$ 0.54	$ 0.01	$ 0.17
Pro forma net earnings per share – Diluted	$ 0.48	$ 0.01	$ 0.16

Significant assumptions were as follows:

	2000	1999	1998
Weighted average:			
Fair value of options granted in the period	$ 3.51	$ 1.70	$ 1.42
Risk-free interest rate	5.8%	5.4%	5.9%
Expected dividend yield	–	–	–
Expected volatility rate	50.8%	32.8%	32.8%
Expected life of option (years)	9.8	8.0	7.0

EARNINGS (LOSS) PER SHARE

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, ("Earnings per share") ("SFAS 128") which was effective for all periods ending after December 15, 1997. SFAS 128 sets forth requirements for computing basic and diluted earnings per share. Basic income per common share was computed by dividing net income applicable to common stock by the weighted average number of common shares and contingently-issuable shares for which all conditions of issuance have been outstanding during the period.

The computation of basic and diluted earnings per share was as follows:

	2000	1999	1998
Net earnings attributable to common stock	$ 22,544	$ 1,384	$ 4,610
Weighted average number of shares outstanding (in thousands)	37,749	27,003	26,323
Basic net earnings per share	$ 0.60	$ 0.05	$ 0.18
Weighted average fully diluted number of shares outstanding (in thousands)	38,658	27,665	26,778
Diluted net earnings per share	$ 0.58	$ 0.05	$ 0.17

Additional earnings per share disclosure in accordance with APB 30 was as follows:

	2000	1999	1998
EARNINGS PER SHARE – BASIC			
Earnings from continuing operations before change in accounting policy	$ 0.53	$ 0.10	$ 0.17
Loss from extraordinary item	(0.06)	–	–
Earnings (loss) from discontinued operations	0.13	(0.05)	0.01
EARNING PER SHARE – DILUTED			
Earnings from continuing operations before change in accounting policy	$ 0.51	$ 0.10	$ 0.16
Loss from extraordinary item	(0.05)	–	–
Earnings (loss) from discontinued operations	0.12	(0.05)	0.01

The following was a reconciliation of the numerators and denominators used in computing basic and diluted earnings per share.

	Numerator	Denominator	Per Share amount
For the year ended October 31, 2000			
EARNINGS PER SHARE – BASIC			
Earnings available to common stockholders	$ 22,544	37,749	$ 0.60
Dilutive effect of stock options		909	
EARNING PER SHARE – DILUTED			
Earnings available to common stockholders + assumed conversion	$ 22,544	38,658	$ 0.58

	Numerator	Denominator	Per Share amount
For the year ended October 31, 1999			
EARNINGS PER SHARE – BASIC			
Earnings available to common stockholders	$ 1,384	27,003	$ 0.05
Dilutive effect of stock options		662	
EARNINGS PER SHARE – DILUTED			
Earnings available to common stockholders + assumed conversion	$ 1,384	27,665	$ 0.05
For the year ended October 31, 1998			
EARNINGS PER SHARE – BASIC			
Earnings available to common stockholders	$ 4,610	26,323	$ 0.18
Dilutive effect of stock options		455	
EARNINGS PER SHARE – DILUTED			
Earnings available to common stockholders + assumed conversion	$ 4,610	26,778	$ 0.17

ACCOUNTING FOR INVESTMENTS IN SUBSIDIARIES

For the purpose of reporting under U.S. GAAP, companies are required to consolidate controlled subsidiaries in which they have a majority (in excess of 50 percent) of the voting stock interest and continuous control over the determination of the strategic operating, investing, and financing policies of those subsidiaries, and are required to equity account for joint ventures and for investments over which they have significant influence.

As disclosed in Note 8 "Joint Ventures," the Company proportionately consolidates its joint ventures under Canadian GAAP. In addition, the Company had one company in 1999 and 1998 which qualified for proportionate consolidation but which would be accounted for using the equity method under U.S. GAAP. In accordance with SEC Release 33-7053, the Company has omitted the differences in classification that result from using proportionate consolidation in the reconciliation to U.S. GAAP. Refer to Note 8 "Joint Ventures," for the Company's proportionate share of the total assets, liabilities, and results of operations of these joint ventures.

PRO FORMA INFORMATION

The following unaudited pro forma consolidated results of operations for the Company assumed that the acquisitions of Preferred, Nationwide, Sylvan, Sunbelt, and Highlight were completed on November 1, 1998, and excluded the effects of discontinued operations and the extraordinary item.

	2000	1999	1998
Revenues	**$ 968,257**	$ 842,944	$ 837,596
Earnings from operations	**58,518**	31,291	48,273
Net earnings	**22,620**	6,828	18,143
Net earnings per share			
Basic	**0.55**	0.20	0.55
Diluted	**0.54**	0.19	0.52

These pro forma amounts represent the historical operating results of the acquired business combined with those of the Company with appropriate adjustments which give effect to interest expense and goodwill amortization expense. These pro forma amounts are not necessarily indicative of the operating results which would have occurred if Preferred, Nationwide, Sylvan, Sunbelt, and Highlight had been operated by current management during the periods presented.

U.S. GAAP FINANCIAL INFORMATION

The application of the change in reporting currency results in differences in the reported amounts in the financial statements. Supplemental information regarding the Company's U.S. GAAP financial information was as follows:

	2000	1999	1998
INCOME STATEMENT DATA			
Revenues	**$ 843,661**	$ 292,994	$ 289,548
Cost of services	**706,902**	255,296	257,983
Gross margin	**136,759**	37,698	31,565
Selling, general and administrative expenses	**74,678**	24,905	23,211
Depreciation and amortization	**12,605**	2,182	1,472
Restructuring and other charges	**–**	7,609	–
Operating earnings	**49,476**	3,002	6,882
Income from long-term investments	**74**	23	311
Interest and other income (expense)	**(17,892)**	1,327	2,096
Earnings before provision for income taxes	**31,658**	4,352	9,289
Provision for income taxes	**11,979**	1,588	4,914
Earnings from continuing operations before extraordinary item	**19,679**	2,764	4,375
Extraordinary item, net of taxes of $1,231(c)	**(2,023)**	–	–
Earnings from discontinued operations	**4,888**	(1,380)	235
Net earnings	**$ 22,544**	$ 1,384	$ 4,610
Pro forma net earnings(a)	**$ 22,544**	$ 1,384	$ 4,532
Balance Sheet Data(b)			
Total assets	**532,375**	268,595	132,951
Total long term debt	**118,059**	47,705	457

(a) The pro forma net earnings gives effect to the change in accounting policy as though it had occurred at the beginning of the earliest period presented. Pro forma per share information has not been presented as the per share information would not change.

(b) Full recasted balance sheets have not been presented as the same exchange rate would have been used under both Canadian and U.S. GAAP for conversion of the 1998, 1999 and 2000 balance sheets.

(c) The settlement loss on the credit facility was treated as an extraordinary item under U.S. GAAP.

Consolidated Statements of Earnings

Fiscal year 2000, restated for the three months ended

(in thousands of U.S. dollars, except per share amounts)	Q1	Q2	Q3	Q4
Revenues	$ 146,085	$ 190,510	$ 242,925	$ 264,141
Cost of services	124,903	159,858	201,963	220,178
Gross margin	21,182	30,652	40,962	43,963
Selling, general and administrative expenses	12,903	17,826	22,164	21,785
Depreciation and amortization	729	1,155	1,241	1,379
Restructuring and other charges	–	–	–	–
Operating earnings	7,550	11,671	17,557	20,799
Income from long-term investments	74	–	–	–
Interest and other income (expense)	(1,905)	(6,976)	(5,869)	(6,396)
Earnings before provision for income taxes, discontinued operations and goodwill charges	5,719	4,695	11,688	14,403
Provision for income taxes	2,053	1,118	4,100	5,088
Earnings before goodwill charges and discontinued operations	3,666	3,577	7,588	9,315
Goodwill charges, net of taxes of $231, $360, $495, $525	865	1,556	2,024	2,045
Earnings before discontinued operations	2,801	2,021	5,564	7,270
Discontinued operations	(8)	(360)	2,157	–
Net earnings	$ 2,793	$ 1,661	$ 7,721	$ 7,270
Net earnings per share				
Basic	$ $0.09	$ 0.05	$ 0.19	$ 0.18
Diluted	$0.08	0.05	0.18	0.17

Consolidated Cash Flow Statement

Fiscal year 2000, restated for the three months ended

(in thousands of U.S. dollars)	Q1	Q2	Q3	Q4
CASH FLOWS FROM OPERATING ACTIVITIES				
Net earnings from continuing operations	$ 2,801	$ 2,021	$ 5,564	$ 7,269
Adjustments to reconcile net income to net cash				
Depreciation and amortization	729	1,155	1,241	1,379
Amortization of goodwill	1,096	1,916	2,519	2,571
Provision of deferred income taxes	–	–	401	(2,525)
Write-off of deferred financing fees	–	3,254	–	–
Other amortization charges	486	209	(695)	1,104
Loss from long-term investments	(74)	–	–	–
Other	22	21	822	(872)
	5,060	8,576	9,852	8,926
Change in operating assets and liabilities, net of businesses acquired	(14,822)	(36,540)	(15,260)	10,744
NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES	(9,762)	(27,964)	(5,408)	19,670
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(1,007)	(1,103)	(2,005)	(3,734)
Cash paid for businesses acquired, net of cash acquired	–	(95,237)	–	(1,448)
Proceeds from the sale of discontinued operations	–	–	11,694	–
Capitalized acquisition costs	–	–	–	(1,622)
Other	(493)	(709)	(434)	(842)
NET CASH PROVIDED BY(USED IN) INVESTING ACTIVITIES	(1,500)	(97,049)	9,255	(7,646)
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing fees	(1,216)	(2,195)	(577)	990
Proceeds from the issuance of common stock	–	29,077	(81)	428
Borrowings under credit facilities	–	104,649	–	490
Borrowings under revolving credit facilities, net	13,540	23,743	1,108	(13,034)
Repayment of term facilities	(305)	(24)	–	(250)
Repayment of Sunbelt notes	–	(28,991)	–	(432)
Payment of long-term service agreement	–	–	–	(2,000)
Other	(67)	(64)	–	(581)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	11,952	126,195	450	(14,389)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	690	1,182	4,297	(2,365)
CASH AND CASH EQUIVALENTS, beginning of period	651	1,341	2,523	6,820
CASH AND CASH EQUIVALENTS, end of period	$ 1,341	$ 2,523	$ 6,820	$ 4,455

Consolidated Statements of Earnings

Fiscal year 1999, restated for the three months ended

(in thousands of U.S. dollars, except per share amounts)	Q1	Q2	Q3	Q4
Revenues	$ 68,416	$ 64,737	$ 66,317	$ 93,635
Cost of services	61,132	56,560	58,179	79,424
Gross margin	7,284	8,177	8,137	14,210
Selling, general and administrative expenses	5,009	5,409	6,114	8,373
Depreciation and amortization	340	386	347	524
Restructuring and other charges	–	–	7,609	–
Operating earnings (loss)	1,935	2,382	(5,933)	5,314
Income from long-term investments	13	(117)	(122)	9
Interest and other income (expense)	452	289	(23)	586
Earnings (loss) before provision for income taxes, discontinued operations and goodwill charges	2,400	2,554	(6,078)	5,910
Provision for income taxes	640	957	(2,210)	2,290
Earnings (loss) before goodwill charges and discontinued operations	1,761	1,598	(3,868)	3,619
Goodwill charges, net of taxes of $0, $0, $7, $82	63	65	76	293
Earnings (loss) before discontinued operations	1,698	1,533	(3,944)	3,326
Discontinued operations	301	193	595	89
Net earnings (loss)	$ 1,999	$ 1,726	$ (3,349)	$ 3,415
Net earnings (loss) per share				
Basic	$ $0.07	$ 0.08	$ (0.13)	$ 0.12
Diluted	$0.07	0.07	(0.12)	0.11

Consolidated Cash Flow Statement

Fiscal year 1999, restated for the three months ended

(in thousands of U.S. dollars)	Q1	Q2	Q3	Q4
CASH FLOWS FROM OPERATING ACTIVITIES				
Net earnings (loss) from continuing operations	$ 1,959	$ 1,533	$ (3,944)	$ 3,326
Adjustments to reconcile net income to net cash				
Depreciation and amortization	339	386	347	524
Amortization of goodwill	64	64	76	382
Provision of deferred income taxes	–	–	–	(7,205)
Write-off of deferred financing fees	–	–	–	–
Other amortization charges	–	–	–	–
Earnings from long-term investments	–	–	–	(23)
Other	13	2	48	(188)
	2,375	1,985	(3,473)	(3,184)
Change in net operating assets	(8,872)	3,198	1,577	11,012
NET CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES	(6,497)	5,183	(1,896)	7,828
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property and equipment	(451)	(253)	(832)	85
Cash paid for businesses acquired, net of cash acquired	–	–	(5,986)	(47,400)
Proceeds from the sale of discontinued operations	–	–	–	–
Capitalized acquisition costs	–	–	–	–
Other	(1,068)	1,114	555	(687)
NET CASH PROVIDED BY(USED IN) INVESTING ACTIVITIES	(1,519)	861	(6,263)	(48,002)
CASH FLOWS FROM FINANCING ACTIVITIES				
Financing fees	–	–	–	(2,284)
Proceeds from the issuance of common stock	–	92	233	–
Borrowings under credit facilities	(49)	49	456	24,723
Borrowings under revolving credit facilities, net	877	4,068	(3,409)	4,030
Repayment of term facilities	–	–	–	(995)
Repayment of Sunbelt notes	–	–	–	–
Payment of long-term service agreement	–	–	–	–
Other	–	–	–	–
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	828	4,209	(2,720)	25,474
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,188)	10,253	(10,879)	(14,700)
CASH AND CASH EQUIVALENTS, beginning of period	23,165	15,977	26,230	15,351
CASH AND CASH EQUIVALENTS, end of period	$ 15,977	$ 26,230	$ 15,351	$ 651

10 Year Review – Selected Financial Information

For the years ended October 31

(in thousands of U.S. dollars except share data)	1991	1992	1993	1994
STATEMENT OF NET EARNINGS				
Revenue	$ 131,084	$ 145,000	$ 123,739	$ 140,968
Cost of services	111,387	119,404	103,408	144,742
Gross margin	19,697	25,596	20,331	(3,774)
General and administrative expenses	11,688	13,615	13,034	14,203
Depreciation and amortization	552	766	845	761
Restructuring and other charges	–	–	–	–
Operating earnings (loss)	7,457	11,215	6,452	(18,738)
Income (loss) from long-term investments	–	–	–	(531)
Interest and other income (expense)	1,108	1,097	1,154	759
Earnings (loss) before provision for tax	8,565	12,312	7,606	(18,510)
Provision for tax	1,620	5,624	2,652	(8,189)
Net earnings (loss) before goodwill charges	6,945	6,688	4,954	(10,321)
Goodwill charges, net of taxes	116	117	334	219
Net earnings (loss) from continuing operations	6,829	6,571	4,620	(10,540)
Earnings from discontinued operations, net of tax	–	–	–	–
Net earnings (loss)	$ 6,829	$ 6,571	$ 4,620	$ (10,540)
BALANCE SHEET DATA				
Cash and short-term investments	$ 7,214	$ 19,271	$ 24,820	$ 17,269
Accounts receivable	14,506	19,047	23,364	27,508
Hold backs	11,446	8,769	10,281	12,760
Costs and estimated earnings in excess of billings on uncompleted contracts	11,593	15,197	10,123	10,370
Inventory	–	–	–	61
Capital assets	1,297	1,910	2,292	1,912
Long-term investments	–	2,503	8,217	7,861
Goodwill	1,902	1,786	1,549	1,330
Assets of discontinued operations	–	–	–	–
Other assets	1,988	1,425	1,029	7,899
Total assets	$ 49,946	$ 69,908	$ 81,675	$ 86,970
Borrowings under credit facilities	$ –	$ –	$ –	$ –
Current portion of long-term debt	3,635	–	–	–
Trade accounts payable and accrued liabilities	21,475	22,614	18,439	28,635
Billings in excess of cost and estimated earnings on incomplete projects	11,593	9,283	6,463	17,777
Long-term debt	–	–	–	–
Liabilities of discontinued operations	–	–	–	–
Other liabilities	1,620	8,535	9,424	3,749
Common shares	2,545	13,827	27,079	27,079
Retained earnings	9,078	15,649	20,270	9,730
Total liabilities and shareholders' equity	$ 49,946	$ 69,908	$ 81,675	$ 86,970
COMMON SHARE DATA				
Net earnings				
Basic	$ 0.40	$ 0.30	$ 0.19	$ (0.40)
Fully diluted	0.38	0.28	0.19	(0.40)
Operating earnings (a)				
Basic	0.25	0.29	0.14	(0.40)
Fully diluted	0.23	0.27	0.14	(0.40)
Cash flow from operations				
Basic	0.29	0.32	(0.03)	(0.27)
Fully diluted	0.26	0.30	(0.03)	(0.27)
Shareholders' equity	0.68	1.27	1.80	1.40
Share price (Canadian $)				
At year end	2.07	3.24	2.72	1.78
High for the fiscal year	2.14	3.89	5.83	3.81
Low for the fiscal year	0.71	1.91	2.53	1.43
Shares outstanding				
Weighted average – Basic	16,837	21,793	24,782	26,282
Year-end – Basic	17,160	23,282	26,282	26,282
Weighted average fully diluted	18,805	23,438	24,782	26,282
ADDITIONAL INFORMATION				
Return on average invested capital employed (a)(b)	62.8%	68.2%	21.9%	(49.4)%
Return on shareholders' equity (a)	62.1%	32.0%	12.0%	(25.1)%
Cash flow from operations	$ 4,918	$ 7,052	$ (757)	$ (7,004)
EBITDA margin	6.1%	8.3%	5.9%	(12.8)%
Total market value of common shares	$ 35,521	$ 75,434	$ 71,487	$ 46,782

(a) Excluding restructuring and other charges.

1995	1996	1997	1998	1999	**2000**
$ 181,995	$ 198,655	$ 197,391	$ 273,373	$ 293,104	**$ 843,661**
162,566	174,750	171,799	243,637	255,296	**706,902**
19,429	23,905	25,592	29,736	37,808	**136,759**
13,614	15,680	18,055	21,918	24,905	**74,678**
627	621	591	1,102	1,596	**4,504**
–	–	–	–	7,609	**–**
5,188	7,604	6,946	6,716	3,698	**57,577**
570	(27)	(588)	294	23	**74**
552	396	3,339	4,315	1,327	**(21,146)**
6,310	7,973	9,697	11,325	5,048	**36,505**
2,903	3,861	3,535	4,641	1,677	**12,359**
3,407	4,112	6,162	6,684	3,371	**24,146**
156	202	205	288	497	**6,490**
3,251	3,910	5,957	6,396	2,874	**17,656**
362	310	469	979	917	**1,789**
$ 3,613	$ 4,220	$ 6,426	$ 7,375	$ 3,791	**$ 19,445**
$ 15,083	$ 13,133	$ 21,485	$ 23,165	$ 651	**$ 4,455**
30,603	33,366	40,838	44,233	108,129	**181,406**
16,003	14,901	15,131	17,873	16,298	**27,492**
14,699	14,798	15,164	26,667	25,902	**81,993**
699	342	494	562	655	**1,901**
1,932	1,977	2,198	2,912	9,239	**18,044**
7,600	7,503	1,466	194	180	**–**
2,482	2,279	2,050	2,080	77,767	**190,189**
3,043	3,215	4,703	10,836	20,669	**–**
7,468	6,727	10,004	5,122	12,203	**26,895**
$ 99,612	$ 98,241	$ 113,533	$ 133,644	$ 271,693	**$ 532,375**
946	1,318	2,048	343	19,935	**45,292**
–	–	–	–	240	**47,699**
33,911	33,138	36,520	41,396	73,339	**130,521**
18,118	13,551	10,721	16,640	24,676	**40,242**
–	–	–	–	40,312	**116,587**
2,300	776	2,852	4,576	11,336	**–**
3,914	4,814	10,344	12,089	6,376	**9,915**
27,079	27,079	27,057	27,233	58,876	**88,300**
13,344	17,565	23,991	31,367	36,603	**53,819**
$ 99,612	$ 98,241	$ 113,533	$ 133,644	$ 271,693	**$ 532,375**
$ 0.14	$ 0.16	$ 0.25	$ 0.28	$ 0.14	**$ 0.52**
0.14	0.16	0.24	0.27	0.14	**0.49**
0.11	0.16	0.15	0.14	0.23	**0.51**
0.11	0.16	0.14	0.14	0.22	**0.48**
(0.02)	(0.07)	0.12	0.37	0.17	**(0.62)**
(0.02)	(0.07)	0.12	0.35	0.16	**(0.56)**
1.54	1.70	1.94	2.22	2.93	**3.49**
1.66	1.76	3.01	3.21	4.08	**10.40**
2.27	2.46	3.24	4.02	4.90	**11.30**
1.56	1.53	1.67	2.37	3.11	**4.80**
26,282	26,282	26,278	26,323	27,003	**37,749**
26,282	26,282	26,273	26,373	32,547	**40,680**
26,754	27,130	27,267	27,410	29,102	**42,244**
14.0%	15.3%	13.4%	14.0%	11.3%	**12.8%**
9.4%	9.9%	13.4%	13.5%	15.3%	**16.4%**
$ (561)	$ (1,953)	$ 3,241	$ 9,632	$ 4,618	**$ (23,464)**
3.2%	4.1%	3.8%	2.9%	4.4%	**7.4%**
$ 43,628	$ 46,256	$ 79,082	$ 84,657	$ 132,792	**$ 277,880**

(b) Operating earnings adjusted for restructuring and other charges, and income taxes at the statutory rate of the provision for taxes, as a percentage of the average invested capital. Invested capital is the aggregate of shareholders' equity, long-term debt and net of cash and borrowings under credit facilities.

BOARD OF DIRECTORS

GILBERT S. BENNETT
Chairman of the Board

JEAN-RENÉ HALDE ◆ ■
Director

MICHAEL D. HANNA ★
Director

WADE C. LAU ◆
Director

PAUL D. MELNUK
President & Chief Executive Officer, Director

JAMES W. MOIR, JR. ★▼■
Director

TOM P. MUIR
Director

GREGORY J. ORMAN ★ ■▼
Director

ALLAN R. TWA ◆▼
Director

◆ Member of the Audit Committee
★ Member of the Compensation Committee
▼ Member of the Corporate Governance Committee
■ Committee Chair

OFFICERS & EXECUTIVE MANAGEMENT

PAUL D. MELNUK
President & Chief Executive Officer

FREDERICK (RICK) C. GREEN
Executive Vice President & Chief Operating Officer

BILLY V. RAY, JR.
Executive Vice President

JOHN A. WITHAM
Executive Vice President & Chief Financial Officer

MICHAEL D. BARNES
President – Special Technology

F. WILLIAM (BILL) CAPP
President – Telecom

ROBERT B. FISHER
President – Industrial

LOREN (LARRY) L. TAYLOR
President – Commercial

JAMES A. BEUKELMAN
Vice President, Finance & Corporate Controller

JOHN R. NACCARATO
Corporate Counsel & Secretary

DAVID W. SMITH
Vice President, Corporate Development

BRUCE A. STEINKE
Vice President, Investor Relations & Reporting

INDEPENDENT DIRECTOR PROFILES

GILBERT S. BENNETT

Mr. Bennett is Chairman of the Board of Canadian Tire Corporation, Limited and Encal Energy Ltd. He is also a Director of Canadian Niagara Power Company Limited, and Fortis Inc. Mr. Bennett practiced corporate law in Toronto for 15 years, after which he served as President and/or Chief Executive Officer of Comstock International, Canadair Limited, Lundrigans Canada Limited, and Shieldings Incorporated. He also held the position of Senior Vice President of Gulf Canada Resources.

JEAN-RENÉ HALDE

Mr. Halde is currently President & Chief Executive Officer of Livingston Group Inc., a privately-held Canadian holding company which recently completed the divestiture of its operating subsidiaries that provided outsourcing of customized logistics solutions and electronic commerce services in North America. Prior to joining Livingston Group he was successively President and CEO of three major Canadian-based corporations. Mr. Halde is on the Board of Directors of the Institute of Corporate Directors and is also a member of the Business Council of National Issues.

MICHAEL D. HANNA

Mr. Hanna recently served as Chief Executive Officer and Chairman of Sunbelt Integrated Services Company. Before joining Sunbelt he served as Executive Vice President of Louisiana-Pacific Corporation, a major forest products company. Mr. Hanna was previously President and co-owner of Associated Chemists Inc., a private specialty chemical company. He also founded and served as Chief Executive Officer of Tender Sender, Inc., a shipping, packaging and wrapping business. Mr. Hanna previously held numerous positions for Boise Cascade Corporation.

WADE C. LAU

Mr. Lau is Vice President of Opus Properties, L.L.C., the asset management arm of the Opus Group of Companies, one of the largest commercial real estate development companies in the United States. He joined Opus in 1999 and has over 15 years of diversified real estate experience. Prior to joining Opus, he served as Executive Managing Director for CB Richard Ellis and was previously Executive Vice President and Chief Operating Officer of the Shelard Group, Inc.

JAMES W. MOIR, JR.

Mr. Moir is a past President and Chief Executive Officer of Maritime Medical Care Inc., one of Canada's leading health services corporations. He has also previously held a variety of senior positions in the investment industry, including Senior Vice President, Director and member of the Executive Committee of Merrill Lynch Canada Inc., and Chairman, President and Chief Executive Officer of Midland Capital Inc. He currently serves on a number of boards including CrossOff Inc., Salter Street Films Inc., Sears Canada Inc. and Malibu Engineering and Software Inc.

TOM P. MUIR

Mr. Muir is currently Chief Financial Officer of Maple Leaf Foods Inc., a Canadian-based food processing company. Mr. Muir is also a Director of a number of Maple Leaf Foods' wholly-owned subsidiaries. Before joining Maple Leaf Foods, Mr. Muir was Vice-President and Director of RBC Dominion Securities Inc. where he was co-head of the Investment Banking Group and previously co-head of the Mergers and Acquisitions Group.

GREGORY J. ORMAN

Mr. Orman is President of KLT Inc., an unregulated subsidiary of Kansas City Power & Light. Mr. Orman is also Chairman of Strategic Energy, L.L.C., a national supply-side energy services company; Chairman of Custom Energy Holdings, L.L.C., an energy services holding company; a Management Committee member of Custom Lighting Services, L.L.C., a national outdoor lighting contractor; Chairman of ELC Electric, Inc., a licensed electrical contractor; and Chairman of Energy Financing Corp., a captive leasing company.

ALLAN R. TWA, Q.C.

Mr. Twa has been a partner in the law firm of Burnet, Duckworth & Palmer LLP, Barristers & Solicitors for the past 24 years. Mr. Twa was admitted to the Alberta Bar in 1971 and his practice has included corporate and securities law matters since 1976. Mr. Twa is also the Secretary of ARC Energy Trust and ARC STRATEGIC Energy Fund, as well as a director of Gauntlet Energy Corporation, Humbolt Energy Corporation and Diaz Resources Ltd.

EXECUTIVE OFFICE

121 South 8th Street
Suite 1100
Minneapolis, Minnesota 55402
(612) 604-0101
www.bracknellcorp.com

HEAD OFFICE

195 The West Mall
Suite 302
Toronto, Ontario M9C 5K1
(416) 620-3700

OPERATIONS

TELECOM SERVICES

NETWORK SERVICES AND DEVELOPMENT

Adesta Communications
Patton Management

WIRELESS SERVICES

Bracknell Telecom Services
Highlight Wireless Solutions
Vista Comtech

SPECIAL TECHNOLOGIES

Crouch Industries
Inglett & Stubbs
Quality Mechanical
Schmidt Electric
Southwest Systems

INDUSTRIAL

Henderson Electric
State Industrial
State-Southwestern Ontario
Sylvan Industrial Piping

COMMERCIAL

Allison-Smith Company
Bracknell Facilities Services
Eagle Electrical Systems
Neal Electric
Parsons
Preferred Electric
State Commercial
State-Winnipeg

LOCATION AND DATE OF INCORPORATION

Toronto, Ontario, Canada, 1965

FISCAL YEAR END

October 31

INDEPENDENT ACCOUNTANTS

Arthur Andersen LLP
Toronto, Canada

STOCKHOLDERS

As of December 31, 2000 there were 730 stockholders of record.

EMPLOYEES

United States: 5,000 Canada: 2,000

COMMON STOCK DATA

Market Price Range – Canadian $ on The Toronto Stock Exchange

	2000		1999	
Quarter	High	Low	High	Low
First	**$ 7.10**	**$ 5.30**	$ 6.50	$ 4.80
Second	**10.00**	**6.45**	7.00	5.95
Third	**8.50**	**5.91**	7.20	5.90
Fourth	**11.30**	**5.59**	6.75	5.20

ANNUAL MEETING

The Company's Annual Meeting will be held on Monday, March 26, 2001 at 11:00 am (Toronto time) at the TSE Conference Centre, TSE Auditorium,
The Exchange Tower
130 King Street West
Toronto, Ontario M5X 1J2

INVESTOR RELATIONS

Requests for a copy of the Annual Report, Interim Reports and any other investor-related material should be directed to Investor Relations at Bracknell's executive offices listed above or by email to investor-relations@bracknellcorp.com

STOCK TRADING

The Toronto Stock Exchange: BRK

The NASDAQ Stock Market: BRKC

TRANSFER AGENT AND REGISTRAR

Inquiries regarding change of address, registered shareholdings, share transfers, lost certificates and duplicate mailings should be directed, as appropriate, to the following:

CANADIAN STOCKHOLDERS:

Montreal Trust Company of Canada
c/o Computershare Investor Services
100 University Ave., 11th Floor
www.computershare.com
Toronto, Ontario M5J 2Y1
(800) 663-9097

U.S. STOCKHOLDERS:

Mellon Investors Services LLC
85 Challenger Rd.
Richfield Park, New Jersey 07660
(800) 777-3674

www.bracknellcorp.com